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LEGISLATIVE HISTORY

Public Law 466---84th Congress

Chapter 160--2nd Session

H. R. 8780

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DIGEST OF PUBLIC LAW 466

GASOLINE TAX. Relieves farmers of the burden of the excise taxes on the gasoline and special fuels used on their farms for farming purposes, by providing for annual refunds payable by the Government directly to the farmers.

INDEX AND SUMMARY OF HISTORY ON H. R. 8780

Jan.	25, 1956	H. R. 8780 introduced by Rep. Cooper. Referred to House Ways and Means Committee. Print of bill as introduced.
Jan.	26, 1956	Reported without amendment. House report 1684. Print of bill as reported and report.
Jan.	30, 1956	House considered H.R. 8780.
Jan.	31, 1956	H. R. 8780 passed House without amendment.
Feb.	1, 1956	H. R. 8780 referred to Senate Finance Committee. Print of bill as referred.
Feb.	24, 1956	Senate committee ordered H.R. 8780 reported.
Mar.	2, 1956	Reported with amendments. Senate report 1609. Print of bill as reported and report.
Mar.	6, 1956	Passed Senate as reported.
Mar.	19, 1956	House conferees appointed.
Mar.	20, 1956	Senate conferees appointed.
Mar.	27, 1956	House received and Senate agreed to conference report. House report 1957. Print of conference report.
Mar.	28, 1956	House agreed to conference report.
Apr.	2, 1956	Approved; Public Law 466, 84th Congress

84TH CONGRESS
2D SESSION

H. R. 8780

IN THE HOUSE OF REPRESENTATIVES

JANUARY 25, 1956

Mr. COOPER introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. RELIEF FROM EXCISE TAX ON GASOLINE.**

4 Subchapter B of chapter 65 of the Internal Revenue
5 Code of 1954 (rules of special application for abatements,
6 credits, and refunds) is amended by renumbering section
7 6420 as 6421 and by inserting after section 6419 the fol-
8 lowing new section:

1 "SEC. 6420. GASOLINE USED ON FARMS.

2 " (a) GASOLINE.—If gasoline is used on a farm for
3 farming purposes, the Secretary or his delegate shall pay
4 (without interest) to the ultimate purchaser of such gasoline
5 the amount determined by multiplying—

6 " (1) the number of gallons so used, by

7 " (2) the rate of tax on gasoline under section 4081
8 which applied on the date he purchased such gasoline.

9 " (b) TIME FOR FILING CLAIM; PERIOD COVERED.—
10 Not more than one claim may be filed under this section by
11 any person with respect to gasoline used during the one-
12 year period ending on June 30 of any year. No claim shall
13 be allowed under this section with respect to any one-year
14 period unless filed on or before September 30 of the year
15 in which such one-year period ends.

16 " (c) MEANING OF TERMS.—For purposes of this sec-
17 tion—

18 " (1) USE ON A FARM FOR FARMING PURPOSES.—
19 Gasoline shall be treated as used on a farm for farming
20 purposes only if used (A) in carrying on a trade or
21 business, (B) on a farm situated in the United States,
22 and (C) for farming purposes.

23 " (2) FARM.—The term 'farm' includes stock, dairy,
24 poultry, fruit, fur-bearing animal, and truck farms, plan-
25 tations, ranches, nurseries, ranges, greenhouses or other

1 similar structures used primarily for the raising of agri-
2 cultural or horticultural commodities, and orchards.

3 “(3) FARMING PURPOSES.—Gasoline shall be
4 treated as used for farming purposes only if used—

5 “(A) by any person in connection with culti-
6 vating the soil, or in connection with raising or
7 harvesting any agricultural or horticultural com-
8 modity, including the raising, shearing, feeding,
9 caring for, training, and management of livestock,
10 bees, poultry, and fur-bearing animals and wildlife;

11 “(B) by the owner, tenant, or operator
12 of a farm, in handling, drying, packing, grading, or
13 storing any agricultural or horticultural commodity
14 in its unmanufactured state; but only if such owner,
15 tenant, or operator produced more than one-half
16 of the commodity which he so treated during the
17 period with respect to which claim is filed;

18 “(C) by the owner, tenant, or operator of a
19 farm, in connection with—

20 “(i) the planting, cultivating, caring for,
21 or cutting of trees, or

22 “(ii) the preparation (other than milling)
23 of trees for market,
24 incidental to farming operations; or

25 “(D) by the owner, tenant, or oper-

1 ator of a farm, in connection with the operation,
2 management, conservation, improvement, or main-
3 tenance of such farm and its tools and equipment.

4 “(4) GASOLINE.—The term ‘gasoline’ has the
5 meaning given to such term by section 4082 (b).

6 “(d) EXEMPT SALES; OTHER PAYMENTS OR RE-
7 FUNDS AVAILABLE.—No amount shall be paid under this
8 section with respect to any gasoline which the Secretary or his
9 delegate determines was exempt from the tax imposed by sec-
10 tion 4081. The amount which (but for this sentence) would
11 be payable under this section with respect to any gasoline
12 shall be reduced by any other amount which the Secretary or
13 his delegate determines is payable under this section, or is
14 refundable under any provision of this title, to any person
15 with respect to such gasoline.

16 “(e) APPLICABLE LAWS.—

17 “(1) IN GENERAL.—All provisions of law, includ-
18 ing penalties, applicable in respect of the tax imposed
19 by section 4081 shall, insofar as applicable and not in-
20 consistent with this section, apply in respect of the pay-
21 ments provided for in this section to the same extent as if
22 such payments constituted refunds of overpayments of
23 the tax so imposed.

24 “(2) EXAMINATION OF BOOKS AND WITNESSES.—
25 For the purpose of ascertaining the correctness of any

1 claim made under this section, or the correctness of any
 2 payment made in respect of any such claim, the Secretary
 3 or his delegate shall have the authority granted by
 4 paragraphs (1), (2), and (3) of section 7602 (relating
 5 to examination of books and witnesses) as if the claimant
 6 were the person liable for tax.

7 “(3) FRACTIONAL PARTS OF A DOLLAR.—Section
 8 7504 (granting the Secretary discretion with respect
 9 to fractional parts of a dollar) shall not apply.

10 “(f) REGULATIONS.—The Secretary or his delegate
 11 may by regulations prescribe the conditions, not incon-
 12 sistent with the provisions of this section, under which
 13 payments may be made under this section.

14 “(g) EFFECTIVE DATE.—This section shall apply only
 15 with respect to gasoline purchased after December 31, 1955.

16 “(h) CROSS REFERENCES.—

“(1) For exemption from tax in case of diesel fuel
 and special motor fuels used on a farm for farming
 purposes, see section 4041 (d).

“(2) For civil penalty for excessive claim under this
 section, see section 6675.

“(3) For fraud penalties, etc., see chapter 75 (section
 7201 and following, relating to claims, other offenses,
 and forfeitures).”

17 **SEC. 2. RELIEF FROM TAXES ON DIESEL FUEL AND SPE-**
 18 **CIAL MOTOR FUELS.**

19 (a) (1) Section 4041 of the Internal Revenue Code
 20 of 1954 (relating to excise taxes on diesel fuel and special

1 motor fuels) is amended by adding at the end thereof the
2 following new subsection:

3 “(d) EXEMPTION FOR FARM USE.—

4 “(1) EXEMPTION.—Under regulations prescribed
5 by the Secretary or his delegate—

6 “(A) no tax shall be imposed under subsec-
7 tion (a) (1) or (b) (1) on the sale of any liquid
8 sold for use on a farm for farming purposes, and

9 “(B) no tax shall be imposed under subsec-
10 tion (a) (2) or (b) (2) on the use of any liquid
11 used on a farm for farming purposes.

12 “(2) USE ON A FARM FOR FARMING PURPOSES.—
13 For purposes of paragraph (1) of this subsection, use
14 on a farm for farming purposes shall be determined
15 in accordance with paragraphs (1), (2), and (3)
16 of section 6420 (c).”

17 (2) The amendment made by paragraph (1) shall
18 take effect on the day after the date of the enactment of
19 this Act.

20 (b) (1) Section 6416 (b) (2) (C) of such Code
21 (relating to credit or refund of overpayment of tax on
22 special fuels) is amended to read as follows:

23 “(C) In the case of a liquid taxable under
24 section 4041, sold for use as fuel in a diesel-
25 powered highway vehicle or as fuel for the pro-

pulsion of a motor vehicle, motorboat, or airplane, if (i) the vendee used such liquid otherwise than as fuel in such a vehicle, motorboat, or airplane or resold such liquid, or (ii) such liquid was (within the meaning of paragraphs (1), (2), and (3) of section 6420 (c)) used on a farm for farming purposes;”.

(2) The amendment made by paragraph (1) shall apply with respect to liquid sold after December 31, 1955.

**SEC. 3. CIVIL PENALTY FOR EXCESSIVE CLAIMS FOR
GASOLINE USED ON FARMS.**

Subchapter B of chapter 68 of the Internal Revenue Code of 1954 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

**“SEC. 6675. EXCESSIVE CLAIMS FOR GASOLINE USED ON
FARMS.**

“(a) **CIVIL PENALTY.**—In addition to any criminal penalty provided by law, if a claim is made under section 6420 (relating to gasoline used on farms) for an excessive amount, unless it is shown that the claim for such excessive amount is due to reasonable cause, the person making such claim shall be liable to a penalty in an amount equal to whichever of the following is the greater:

“(1) Two times the excessive amount; or

“(2) \$10.

1 “(b) **EXCESSIVE AMOUNT DEFINED.**—For purposes
2 of this section, the term ‘excessive amount’ means in the case
3 of any person the amount by which—

4 “(1) the amount claimed under section 6420 for
5 any period, exceeds

6 “(2) the amount allowable under such section for
7 such period.

8 “(c) **ASSESSMENT AND COLLECTION OF PENALTY.**—

 “**For assessment and collection of penalty provided
by subsection (a), see section 6206.**”

9 **SEC. 4. TECHNICAL AMENDMENTS.**

10 (a) (1) Subpart A of part III of subchapter A of
11 chapter 32 of the Internal Revenue Code of 1954 (relating
12 to excise tax on gasoline) is amended by adding at the end
13 thereof the following new section:

14 **“SEC. 4084. RELIEF OF FARMERS FROM TAX IN CASE OF**
15 **GASOLINE USED ON THE FARM.**

 “**For provisions to relieve farmers from excise tax in
the case of gasoline used on the farm for farming pur-
poses, see section 6420.**”

16 (2) The table of sections for such subpart A is amended
17 by adding at the end thereof the following:

 “**Sec. 4084. Relief of farmers from tax in case of gasoline
used on the farm.**”

18 (b) (1) Subchapter A of chapter 63 of such Code (re-
19 lating to assessment) is amended by renumbering section

1 6206 as 6207 and by inserting after section 6205 the
 2 following new section:

3 "SEC. 6206. SPECIAL RULES APPLICABLE TO EXCESSIVE
 4 CLAIMS UNDER SECTION 6420.

5 "Any portion of a payment made under section 6420
 6 which constitutes an excessive amount (as defined in sec-
 7 tion 6675 (b)), and any civil penalty provided by section
 8 6675, may be assessed and collected as if it were a tax
 9 imposed by section 4081 and as if the person who made
 10 the claim were liable for such tax. The period for assessing
 11 any such portion, and for assessing any such penalty, shall
 12 be 3 years from the last day prescribed for the filing of
 13 the claim under section 6420."

14 (2) The table of sections for such subchapter A is
 15 amended by striking out

"Sec. 6206. Cross references."

16 and inserting in lieu thereof

"Sec. 6206. Special rules applicable to excessive claims
 under section 6420.

"Sec. 6207. Cross references."

17 (c) The table of sections for subchapter B of chapter
 18 65 of such Code is amended by striking out

"Sec. 6420. Cross references."

19 and inserting in lieu thereof the following:

"Sec. 6420. Gasoline used on farms.

"Sec. 6421. Cross references."

1 (d) Section 6504 of such Code (cross references for
2 limitations on assessments) is amended by adding at the end
3 thereof the following:

“**(13) Assessments to recover excessive amounts paid
under section 6420 (relating to gasoline used on farms)
and assessments of civil penalties under section 6675
for excessive claims under section 6420, see section 6206.**”

4 (e) Section 6511 (f) of such Code (cross references
5 for limitations on credit or refund) is amended by adding
6 at the end thereof the following:

“**(5) For limitations in case of payments under section 6420 (relating to gasoline used on farms), see section 6420 (b).**”

7 (f) Section 6612 (c) of such Code (cross references for
8 restrictions on interest) is amended by striking out “and”
9 before “6419” and by inserting before the period at the end
10 thereof the following: “, and 6420 (relating to payments in the
11 case of gasoline used on the farm for farming purposes)”.
12

13 (g) The table of sections for subchapter B of chapter
14 68 of such Code is amended by adding at the end thereof
the following:

“Sec. 6675. Excessive claims for gasoline used on farms.”

15 (h) Section 7210 of such Code (relating to failure to
16 obey summons) is amended by striking out “sections 7602,”
17 and inserting in lieu thereof “sections 6420 (e) (2), 7602,”.

18 (i) Sections 7603 (relating to service of summons),
19 7604 (relating to enforcement of summons), and 7605 (re-

1 lating to time and place of examination) of such Code are
2 each amended by striking out "section 7602" wherever it
3 appears and inserting in lieu thereof "section 6420 (e) (2)
4 or 7602".

84TH CONGRESS
2d Session

H. R. 8780

A BILL

To amend the Internal Revenue Code of 1954
to relieve farmers from excise taxes in the
case of gasoline and special fuels used on
the farm for farming purposes.

By Mr. COOPER

JANUARY 25, 1956

Referred to the Committee on Ways and Means

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued January 27, 1956
For actions of January 26, 1956
84th-2nd, No. 13

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HIGHLIGHTS: Senate committee favorably reported nomination of Marvin L. McLain to be Assistant Secretary and member of CCC Board. Senate received committee report on bill to amend and extend Sugar Act. Sen. Humphrey discussed problems facing agriculture, and criticized USDA pork-buying program. House received conference report on bill to increase authorization for disaster loans of Small Business Act. House committee reported bill to relieve farmers of excise tax on gasoline. Rep. Quigley suggested using land under soil-bank plan to grow trees for newsprint. Rep. Philbin urged using surplus powdered milk for casein. Rep. Dixon introduced and discussed bills to expand Farmers Home Administration loan program.

HOUSE

1. DISASTER LOANS. Received the conference report on H. R. 7871, to increase the disaster loan authorization of the Small Business Act of 1953. The bill provides for an increase in the disaster loan authorization to \$125,000,000 and extends the term of disaster loans from 10 years to 20 years (H. Rept. 1685). pp. 1214, D61
2. TAXATION. The Ways and Means Committee reported without amendment H. R. 8780, to provide for relief from Federal excise taxes on gasoline used for farm purposes (H. Rept. 1684). pp. 1226, 1233
3. RESEARCH. Received the annual report of the National Science Foundation (H. Doc. 319). pp. 1208, 1139
4. ACREAGE ALLOTMENTS. Rep. Hoffman urged consideration of a bill to protect farmers from penalties incurred when grains grown in excess of allotments are used for feed. p. 1215

Rep. St. George urged favorable consideration of H. R. 8751, to permit farmers to use grains raised on their farms for feed. p. 1215

5. SOIL BANK. Rep. Quigley suggested using land which would be reserved under the soil bank proposals for forest reserves to alleviate the newsprint shortage. p. 1229
6. CROP INSURANCE. Received from this Department the annual report of FCIC. p. 1232
7. FLOOD CONTROL. Received from the Conn. Legislature a memorial urging a program of flood control and hurricane protection; to Public Works Committee. p. 1234
8. RECLAMATION. The Aspinall subcommittee of the Interior and Insular Affairs Committee ordered favorably reported to the full committee with amendment H. R. 1779, to provide for the construction, operation, and maintenance of the Juniper division of the Pupinitia project, Ore., and S. 1194, to provide for the construction of the Red Willow Dam and Reservoir, Nebr. p. 1260
9. LEGISLATIVE PROGRAM. The Majority Leader announced that H. R. 8780, to provide for farmer relief on excise taxes on gasoline used on the farm, would be considered, under suspension of the rules, on either Mon., Jan. 30 or Tues., Jan. 31. p. 1215
10. ADJOURNED until Mon., Jan. 30. pp. 1226, 1232

SENATE

11. HEALTH. Both Houses received the President's message on the Administration's health program. pp. 1139, 1208
12. DISASTER AID. Received a memorial from the Conn. General Assembly urging Congress to aid in a program of flood control and hurricane protection. p. 1140
13. PERSONNEL. The Rules and Administration Committee reported with amendment S. Res. 153 extending the time for an investigation of the administration of the civil-service system and the postal service (S. Rept. 1457); and S. Res. 17 extending the time for a study of the Government employees security program (S. Rept. 1458). p. 1140
14. SUGAR. The Finance Committee reported with amendment H. R. 7030 to amend and extend the Sugar Act of 1948. p. 1140
15. HOUSING. Sen. Sparkman submitted and commented on the annual report of the Subcommittee on Housing of the Banking and Currency Committee entitled, "Review of Federal Housing Programs" (S. Rept. 1448). p. 1141
16. WEATHER. Sen. Ellender asked and received consent to have printed a report submitted by the Agriculture and Commerce Depts. on steps taken to improve and extend the horticultural and agricultural weather forecasting service (S. Doc. 97). p. 1145
17. NOMINATION. The Agriculture and Forestry Committee reported the nomination of Marvin L. McLain to be Assistant Secretary of Agriculture and member of the CCC Board of Directors. p. 1158

RELIEF FROM TAXES ON GASOLINE AND SPECIAL FUELS USED ON FARMS

JANUARY 26, 1956.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOPER, from the Committee on Ways and Means, submitted the following

R E P O R T

[To accompany H. R. 8780]

The Committee on Ways and Means, to whom was referred the bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

I. GENERAL STATEMENT

This is a bill to relieve farmers of the burden of the excise taxes on the gasoline and special fuels used on their farms for farming purposes. The relief in the case of the gasoline tax is accomplished by providing for annual refunds payable by the Federal Government directly to the farmers. It is estimated that this will provide farmers with approximately \$60 million of tax relief each year.

The depressed situation in agriculture probably constitutes the most important domestic problem before Congress at the present time. Although the industrial segment of the economy is operating at a high level, both farm prices and farm income are depressed. The decline in farm income has now continued for several years and unless reversed is likely to constitute a threat to the well-being of the entire economy.

The farmer today is caught in a severe price-cost squeeze. At the same time farm prices are declining, the costs of the articles he must buy have been rising. This problem must be met on several fronts, one of these involving the reduction of the costs which the farmer must pay. One of the costs which the farmer must meet is the Federal 2-cents-a-gallon tax presently imposed on the gasoline he uses on his

farm. This bill reduces the farmers' operating costs by removing the taxes in the case of gasoline and special fuels used by farmers but in both cases only with respect to the use on a farm for farming purposes.

II. SUMMARY OF PROVISIONS OF THE BILL

Section 1, the basic section of the bill, provides for the refund of tax with respect to gasoline used on farms.

A. GASOLINE

In the new code section 6420, it is provided that refunds are to be paid to purchasers of gasoline used on a farm for farming purposes. The refund under present tax rates will be 2 cents (1½ cents on and after April 1, 1956, if the reduced rates go into effect), multiplied by the number of gallons of gasoline used for the prescribed purposes.

The phrase "used on a farm for farming purposes" is defined as including only gasoline used—

- (1) in carrying on a trade or business,
- (2) on a farm in the United States, and
- (3) for farming purposes.

The terms "farm" and "farming purposes" as used here are also defined terms. These definitions are described subsequently.

B. TIME AND MANNER OF MAKING REFUND

The refunds with respect to gasoline are to be provided on an annual period ending on June 30. The claim is to be filed on or before September 30 of each year, and is to be filed by the farmer directly with the appropriate office of the Internal Revenue Service.

C. DEFINITION OF FARM AND FARMING PURPOSE

As indicated previously, refunds are to be available with respect to gasoline only where used in carrying on a trade or business, on a farm in the United States, and for farming purposes. The term "farm" as used here is defined as including stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards. This definition is the same as that presently in the 1954 Code with respect to the Federal Insurance Contributions Act.

The term "farming purposes" is also defined in the bill. It includes use by any person in connection with cultivation of the soil, or the raising or harvesting of agricultural or horticultural commodities, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife. As a result, gasoline used by custom operators or other independent contractors performing a service on a farm in connection with cultivating the soil or raising or harvesting agricultural or horticultural commodities may be included in a refund claim. The term "farming purposes" also includes the handling, drying, packing, grading, or storing of agricultural or horticultural commodities but in these cases only if the work is done by the owner, tenant, or operator and only if such person produced more than half of the commodity

receiving this treatment during the year. This means that with respect to handling, drying, packing, grading, or storing of these commodities services performed by custom operators or other independent contractors, even though on the farm, are not the type with respect to which a refund may be claimed.

The definition of "farming purposes" also includes the planting, cultivating, caring for, or cutting of trees, as well as the preparation (other than sawing logs into lumber, chipping and other milling operations) of trees for the market but in this case only if the work is performed by the owner, tenant, or operator of a farm and also only if it is incidental to farming operations. Still another category of work included in the farming purpose definition is that done by the owner, tenant, or operator of the farm in connection with the operation, management, conservation, improvement, or maintenance of the farm, including farm buildings, tools, and equipment.

D. DIESEL FUEL AND SPECIAL MOTOR FUELS

Section 2 of the bill provides relief for diesel fuel and special motor fuels (such as propane, butane, and so forth, including what is sometimes referred to as hot tractor fuel). In the case of diesel fuel, present law already provides that this tax is to apply only when the fuel is used in highway vehicles. The bill in this case provides an exemption with respect to diesel fuel used in any of these highway vehicles where the vehicles are used on a farm for farming purposes.

In the case of special motor fuels, present law provides a tax only when the fuel is for use in a motor vehicle, motor boat, or airplane. The bill provides an exemption for such use of special motor fuel when it is used on a farm for farming purposes.

Even under present law diesel fuel and special motor fuel are exempt from tax when used in a farm tractor since farm tractors have been held not to be motor vehicles under existing law.

Provision is also made for credits or refunds with respect to diesel fuel and special motor fuels which are used on a farm for farming purposes and have been sold taxpaid. In this case the credit or refund is to be obtained by processing the claim back through the person making the first taxpaid sale. This is the same procedure already in use in the case of other refunds or credits for diesel fuel and special motor fuel.

E. CIVIL PENALTY FOR EXCESSIVE CLAIMS

Section 3 of the bill provides a special civil penalty for excessive claims for refunds with respect to gasoline. The new provision (in addition to any of the regular criminal penalties which may be applicable) provides that if a claim for a gasoline refund is excessive, a civil penalty may be imposed unless it can be shown that the claim for the excessive amount is due to reasonable cause. Section 3 is intended to be in addition to, and not in lieu of, other methods of enforcement now provided by existing law. The penalty imposed by section 3 is two times the excess amount claimed but not less than \$10. This penalty, as well as the excessive amount itself, is to be assessed and collected as a tax.

III. TECHNICAL EXPLANATION OF THE BILL

Section 1 of the bill amends subchapter B of chapter 65 of the Internal Revenue Code of 1954 by renumbering section 6420 as section 6421 and inserting a new section 6420.

SECTION 6420. RELIEF FROM THE EXCISE TAX ON GASOLINE

Subsection (a).—Subsection (a) of the new section 6420 provides that the Secretary or his delegate shall pay to the ultimate purchaser of gasoline used on a farm for farming purposes the amount determined by multiplying (1) the number of gallons so used, by (2) the rate of tax on gasoline under section 4081 which applied on the date he purchased such gasoline. The meaning of the terms used on a farm for farming purposes, farm, farming purposes, and gasoline, are set forth in subsection (c) of section 6420. Interest is not allowable with respect to payments made pursuant to the provisions of section 6420. It will not be necessary for the claimant to show that the tax was in fact paid by the producer of the gasoline. In case of a change in rate of tax, the gasoline which is first purchased by the claimant will, as a general rule, be deemed to have been first used for purposes of claiming the farm-use payment.

Subsection (a) of section 6420 also provides that only the ultimate purchaser shall receive the payment for the farm use of gasoline. This makes it clear that prior purchasers of such gasoline will not be entitled to claim payment. For example, if farmer A purchases 200 gallons of gasoline and subsequently sells 50 gallons of such gasoline to farmer B who uses the fuel on his farm for farming purposes, only farmer B may claim payment with respect to the 50 gallons of gasoline so used by him inasmuch as he is the ultimate purchaser. The payment for farm use is to be made to the purchaser of the gasoline even though he is not the user of the gasoline. For instance, in the absence of special circumstances, a lessor of a farm who purchased the gasoline and furnished it to his tenant for use on the farm for farming purposes is the one who is authorized under the bill to claim payment if the gasoline is so used.

If a vehicle or equipment is used both on a farm and off the farm, or if it is used on a farm both for farming and nonfarming purposes, the claimant is entitled to payment under section 6420 only with respect to that portion of the gasoline which was consumed on the farm for farming purposes. Accordingly, if a truck used on a farm in connection with the cultivating or harvesting of agricultural commodities is also used on the highways (whether to deliver commodities to market or otherwise), the gasoline used in operating the truck on the highways is not to be taken into account in computing the payments authorized by section 6420.

Subsection (b).—Subsection (b) relates to the time for filing a claim and the period to be covered by such claim. Not more than one claim may be filed under this section by any person with respect to gasoline used during the 1-year period ending on June 30 of any year. This subsection also provides that no claim is to be allowed with respect to any 1-year period unless the claim is filed on or before September 30 of the calendar year in which the 1-year period ends. Thus, for example, for the 1-year period ending June 30, 1957, the purchaser may make a claim for any gasoline used (on a farm for

farming purposes) after June 30, 1956, and before July 1, 1957. Such claim must be filed on or before September 30, 1957. It should be noted that under subsection (g) of the new section 6420, claims filed under this section before October 1, 1956, will cover only gasoline purchased after December 31, 1955. The same limitation will apply in the case of claims for any subsequent period, that is to say, no payment is allowable under this section at any time for gasoline purchased before January 1, 1956.

Subsection (c).—Paragraph (1) of subsection (c) of the new section 6420 provides that gasoline shall be treated as used on a farm for farming purposes only if used (1) in carrying on a trade or business, (2) on a farm situated in the United States (that is, the several States, Alaska, Hawaii, and the District of Columbia), and (3) for farming purposes. The term “trade or business” has the same meaning as when used in section 162 of the 1954 Code in connection with expenses paid or incurred in carrying on any trade or business.

Paragraph (2) of subsection (c) defines the term “farm” to include stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards. This definition is the same as that contained in section 3121 (g) of the 1954 Code.

Under paragraph (3) of subsection (c) gasoline is to be treated as used for farming purposes only if used as provided in subparagraph (A), (B), (C), or (D). Under subparagraph (A), gasoline is used for farming purposes if used by any person in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife. Gasoline used on a farm in connection with the production or harvesting of maple sap or in connection with the production or harvesting of crude gum (oleoresin) from a living tree is treated as used for farming purposes; but gasoline used in the processing (as distinguished from the gathering) of maple sap into maple sirup or maple sugar or used in the processing of crude gum (oleoresin) into gum spirits of turpentine and gum rosin is not so treated, even though such processing operations are conducted on a farm.

Under subparagraph (B) gasoline is to be treated as used for farming purposes, if used by the owner, tenant, or operator of a farm in handling, drying, packing, grading, or storing any agricultural or horticultural commodity in its unmanufactured state; but only if such owner, tenant, or operator produced more than one-half of the commodity which he so treated during the 1-year period with respect to which claim is filed under this section. The term “operator of a farm” means a person in possession of a farm and engaged in the operation of such farm. Whether use by the owner or tenant qualifies under this subparagraph (or subpar. (C) or (D)) is to be determined without regard to whether the owner or tenant is in possession of the farm and without regard to whether he is the operator of the farm. Gasoline used in operations other than those of the prescribed character (such as canning, freezing, packaging, and processing operations) is not considered to be used for farming purposes within the meaning of subparagraph (B). The term “commodity” refers to a single

agricultural or horticultural product, that is, all apples are to be treated as a single commodity, while apples and peaches are to be treated as two separate commodities. The operations with respect to each such commodity are to be considered separately in applying the "one-half" test described in the first sentence of this paragraph.

Under subparagraph (C), gasoline is to be treated as used for farming purposes if used by the owner, tenant, or operator of a farm, in connection with the planting, cultivating, caring for, or cutting of trees or in the preparation (other than milling) of trees for market; but only if such operations are incidental to farming operations. These operations include the felling of trees and cutting them into logs or firewood but do not include sawing logs into lumber, chipping, or other milling operations.

Operations of the character specified in subparagraph (C) must be incidental to the farming operations of such farm or to the farming operations of the owner, tenant, or operator of the farm. The word "incidental" is used in the statute in order to insure that the volume of the operations of the specified character will be, by comparison with the total farming operations involved, of a minor nature.

Under subparagraph (D), gasoline is to be treated as used for farming purposes if used by the owner, tenant, or operator of a farm in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment. These operations may include clearing land, repairing, painting, irrigating, and other activities which contribute in any way to the conduct of the farm, as such, as distinguished from any other enterprise in which the owner, tenant, or operator may be engaged. Since the gasoline must be used by the owner, tenant, or operator of the farm to which the operations relate, gasoline used in operations of the prescribed character by a commercial painting concern, for example, which contracts with a farmer to renovate his farm properties is not to be taken into account in computing claims under this section.

Under paragraph (4) of the subsection, the term "gasoline" is given the same meaning as when used in section 4082 (b). That is to say, the term means all products commonly or commercially known or sold as gasoline (including casinghead and natural gasoline).

Subsection (d).—Subsection (d) provides two conditions which must be observed in determining the amount of any payment to be made under section 6420.

First, it prohibits payment of any amount with respect to any gasoline which the Secretary or his delegate determines was exempt from the tax imposed by section 4081 of the 1954 Code. Thus, gasoline purchased by a State tax-free by virtue of section 4224 of the 1954 Code and used on a State prison farm for a farming purpose cannot be included in determining any amount claimed under section 6420.

Secondly, it provides that any amount that would otherwise have been payable under section 6420 with respect to any gasoline shall be reduced by any other amount which the Secretary or his delegate determines is payable under section 6420 or is refundable under any other provision of the 1954 Code to any person with respect to such gasoline.

Subsection (e).—Paragraph (1) of subsection (e) provides that all provisions of law, including penalties, applicable in respect of the tax imposed by section 4081 shall, insofar as applicable and not in-

consistent with section 6420, apply in respect of the payments provided for in section 6420 to the same extent as if such payments constituted refunds of overpayments of the tax so imposed. Under this provision (to mention some, but not all, of the provisions which will apply) sections 6514 (relating to credits or refunds after period of limitations), 6532 (relating to periods of limitation on suits), 7405 (relating to action for recovery of erroneous refunds), and 7422 (relating to civil actions for refunds by taxpayers) of the 1954 Code apply.

However, by reason of subsection (e) (3), the Secretary or his delegate may not exercise his discretionary power under section 7504 of the 1954 Code to disregard a fractional part of a dollar.

For the purpose of determining the correctness of any claim made under this section, or of any payment made pursuant to such claim, subsection (e) (2) makes applicable paragraphs (1), (2), and (3) of section 7602 of the 1954 Code, relating to the examination of books and witnesses, as if the claimant were the person liable for tax.

Subsection (f).—Subsection (f) provides that the Secretary or his delegate may by regulations prescribe the conditions, not inconsistent with the provisions of section 6420, under which payments may be made under section 6420. Some of the conditions that might be appropriately prescribed by regulations are, for example:

- (1) The type of records that the farmer will be required to keep;
- (2) The form on which the claim must be filed;
- (3) The information to be contained in such claim; and
- (4) The evidence necessary to support such claim.

Subsection (g).—Subsection (g) provides that payments under section 6420 may be made only with respect to gasoline purchased by the ultimate purchaser after December 31, 1955. Thus, gasoline which was purchased by a farmer before January 1, 1956, but which he used on or after such date, may not be included in any claim under this section.

Subsection (h).—Subsection (h) provides appropriate cross references to other provisions of the 1954 Code.

SECTION 2. RELIEF FROM TAXES ON DIESEL FUEL AND SPECIAL MOTOR FUEL

Section 2 of the bill provides for an exemption from (or a credit or refund with respect to) the excise taxes on diesel fuel and special motor fuels, in cases involving the use of such liquids on a farm for farming purposes.

Subsection (a).—Paragraph (1) adds a new subsection (d) to section 4041 of the 1954 Code. Paragraph (1) of the new subsection (d) provides that no tax shall apply to diesel fuel or special motor fuel sold for use on a farm for farming purposes and that no tax shall apply to the use of such fuels on a farm for farming purposes. Under paragraph (2) of the new subsection (d), the test of whether diesel fuel or any special motor fuel is used on a farm for farming purposes is the same as the test set forth with respect to gasoline in section

6420 (c). Paragraph (2) of section 2 (a) of the bill provides that the amendment made by paragraph (1) of section 2 (a) of the bill shall take effect on the day after the date of enactment of the bill.

Subsection (b).—Subsection (b) of section 2 of the bill makes a corresponding amendment to section 6416 (b) (2) (C) of the 1954 Code to provide (in addition to the other situations in which a credit or refund may be claimed) that credit or refund shall be made if such diesel fuel or special motor fuel was (within the meaning of paragraphs (1), (2), and (3) of section 6420 (c)) used on a farm for farming purposes. This amendment will apply with respect to liquids sold after December 31, 1955.

SECTION 3. CIVIL PENALTY

Section 3 of the bill adds a new section 6675 to the 1954 Code which provides an assessable penalty for claiming an excessive amount under section 6420. Under section 6675 a person making a claim under section 6420 for an excessive amount is liable, unless it is shown that the claim for such excessive amount is due to reasonable cause, to a penalty equal to 2 times the excessive amount or \$10, whichever is greater. This penalty is in addition to any criminal penalty provided by law.

SECTION 4. TECHNICAL AMENDMENTS

Subsections (a), (b) (2), (c), (d), (e), (f), and (g) of section 4 of the bill make conforming changes in tables of sections and add appropriate cross references.

Subsection (b) (1) of section 4 of the bill adds a new section 6206 to the 1954 Code. Section 6206 provides that any portion of a payment made under section 6420 which constitutes an excessive amount (as defined in sec. 6675 (b)), and any civil penalty provided by section 6675, may be assessed and collected as if it were a tax imposed by section 4081 and as if the person who made the claim were liable for such tax. Section 6206 also provides that the period for assessing the excessive amount, and for assessing the penalty, shall be 3 years from the last day prescribed for the filing of the claim under section 6420 (that is, 3 years from September 30).

Subsections (h) and (i) of section 4 of the bill amend the provisions relating to service and enforcement of a summons to bring into the scope of such provisions a summons issued under the authority of subsection (e) (2) of section 6420.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE OF 1954

CHAPTER 31—RETAILERS EXCISE TAXES

* * * * *

Subchapter E—Special Fuels

Sec. 4041. Imposition of tax.

Sec. 4042. Cross reference.

SEC. 4041. IMPOSITION OF TAX.

(a) **DIESEL FUEL.**—There is hereby imposed a tax of 2 cents a gallon upon any liquid (other than any product taxable under section 4081)—

(1) sold by any person to an owner, lessee, or other operator of a diesel-powered highway vehicle, for use as a fuel in such vehicle; or

(2) used by any person as a fuel in a diesel-powered highway vehicle unless there was a taxable sale of such liquid under paragraph (1).

(b) **SPECIAL MOTOR FUELS.**—There is hereby imposed a tax of 2 cents a gallon upon benzol, benzene, naphtha, liquefied petroleum gas, or any other liquid (other than kerosene, gas oil, or fuel oil, or any product taxable under section 4081 or subsection (a) of this section)—

(1) sold by any person to an owner, lessee, or other operator of a motor vehicle, motorboat, or airplane for use as a fuel for the propulsion of such motor vehicle, motorboat, or airplane; or

(2) used by any person as a fuel for the propulsion of a motor vehicle, motorboat, or airplane unless there was a taxable sale of such liquid under paragraph (1).

(c) **RATE REDUCTION.**—On and after April 1, 1956, the taxes imposed by this section shall be 1½ cents a gallon in lieu of 2 cents a gallon.

(d) **EXEMPTION FOR FARM USE.**—

(1) **EXEMPTION.**—Under regulations prescribed by the Secretary or his delegate—

(A) no tax shall be imposed under subsection (a) (1) or (b) (1) on the sale of any liquid sold for use on a farm for farming purposes, and

(B) no tax shall be imposed under subsection (a) (2) or (b) (2) on the use of any liquid used on a farm for farming purposes.

(2) **USE ON A FARM FOR FARMING PURPOSES.**—For purposes of paragraph (1) of this subsection, use on a farm for farming purposes shall be determined in accordance with paragraphs (1), (2), and (3) of section 6420 (c).

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CHAPTER 32—MANUFACTURERS EXCISE TAXES

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PART III—PETROLEUM PRODUCTS

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Subpart A—Gasoline

Sec. 4081. Imposition of tax.

Sec. 4082. Definitions.

Sec. 4083. Exemption of sales to producer.

Sec. 4084. Relief of farmers from tax in case of gasoline used on the farm.

SEC. 4081. IMPOSITION OF TAX.

There is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 2 cents a gallon. On and after April 1, 1956, the tax imposed by this section shall be 1½ cents a gallon in lieu of 2 cents a gallon.

SEC. 4082. DEFINITIONS.

(a) **PRODUCER.**—As used in this subpart, the term “producer” includes a refiner, compounder, or blender, and a dealer selling gasoline exclusively to producers of gasoline, as well as a producer. Any person to whom gasoline is sold tax-free under this subpart shall be considered the producer of such gasoline.

(b) **GASOLINE.**—As used in this subpart, the term “gasoline” means all products commonly or commercially known or sold as gasoline (including casinghead and natural gasoline).

(c) **CERTAIN USES DEFINED AS SALES.**—If a producer or importer uses (otherwise than in the production of gasoline or of special motor fuels referred to in section 4041 (b)) gasoline sold to him free of tax, or produced or imported by him, such use shall for the purposes of this chapter be considered a sale.

SEC. 4083. EXEMPTION OF SALES TO PRODUCER.

Under regulations prescribed by the Secretary or his delegate the tax imposed by section 4081 shall not apply in the case of sales of gasoline to a producer of gasoline.

SEC. 4084. RELIEF OF FARMERS FROM TAX IN CASE OF GASOLINE USED ON THE FARM.

For provisions to relieve farmers from excise tax in the case of gasoline used on the farm for farming purposes, see section 6420.

Subpart B—Lubricating Oil

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SEC. 4091. IMPOSITION OF TAX.

There is hereby imposed upon the following articles sold in the United States by the manufacturer or producer a tax at the following rates, to be paid by the manufacturer or producer:

- (1) cutting oils, 3 cents a gallon; and
- (2) other lubricating oils, 6 cents a gallon.

SEC. 4092. DEFINITIONS.

(a) **CERTAIN VENDEES CONSIDERED AS MANUFACTURERS.**—For purposes of this subpart, a vendee who has purchased lubricating oils free of tax under section 4093 shall be considered the manufacturer or producer of such lubricating oils.

(b) **CUTTING OILS.**—For purposes of this subpart, the term “cutting oils” means oils sold for use in cutting and machining operation (including forging, drawing, rolling, shearing, punching, and stamping) on metals.

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CHAPTER 63—ASSESSMENT

SUBCHAPTER A. In general.

SUBCHAPTER B. Deficiency procedures in the case of income, estate, and gift taxes.

Subchapter A—In General

Sec. 6201. Assessment authority.

Sec. 6202. Establishment by regulations of mode or time of assessment.

Sec. 6203. Method of assessment.

Sec. 6204. Supplemental assessments.

Sec. 6205. Special rules applicable to certain employment taxes.

[Sec. 6206. Cross references.]

Sec. 6206. *Special rules applicable to excessive claims under section 6420.*

Sec. 6207. *Cross references.*

* * * * *

SEC. 6206. SPECIAL RULES APPLICABLE TO EXCESSIVE CLAIMS UNDER SECTION 6420.

Any portion of a payment made under section 6420 which constitutes an excessive amount (as defined in section 6675 (b)), and any civil penalty provided by section 6675, may be assessed and collected as if it were a tax imposed by section 4081 and as if the person who made the claim were liable for such tax. The period for assessing any such portion, and for assessing any such penalty, shall be 3 years from the last day prescribed for the filing of the claim under section 6420.

SEC. [6206] 6207. CROSS REFERENCES.

(1) For prohibition of suits to restrain assessment of any tax, see section 7421.

(2) For prohibition of assessment of taxes against insolvent banks, see section 7507.

(3) For assessment where property subject to tax has been sold in a distraint proceeding without the tax having been assessed prior to such sale, see section 6342.

(4) For assessment in case of sale or removal of tobacco, snuff, cigars, and cigarettes without the use of proper stamps, see section 5703 (d).

(5) For assessment in case of distilled spirits removed from place where distilled and not deposited in bonded warehouse, see section 5006 (c).

(6) For assessment in case of certain spirits subject to excessive leakage, see section 5006 (b).

(7) For assessment of deficiencies in production of distilled spirits, see section 5007 (e) (1).

(8) For period of limitation upon assessment, see chapter 66.

(9) For assessment under the provisions of the Tariff Act of 1930 of the taxes imposed by section 4501 (b), and subchapters A, B, C, D, and E of chapter 38, see sections 4504 and 4601, respectively.

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CHAPTER 65—ABATEMENTS, CREDITS, AND REFUNDS

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Subchapter B—Rules of Special Application

Sec. 6411. Tentative carryback adjustments.

Sec. 6412. Floor stocks refunds.

Sec. 6413. Special rules applicable to certain employment taxes.

Sec. 6414. Income tax withheld.

Sec. 6415. Credits or refunds to persons who collected certain taxes.

Sec. 6416. Certain taxes on sales and services.

Sec. 6417. Coconut and palm oil.

Sec. 6418. Sugar.

Sec. 6419. Excise tax on wagering.

[Sec. 6420. Cross references.]

Sec. 6420. Gasoline used on farms.

Sec. 6421. Cross references.

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SEC. 6416. CERTAIN TAXES ON SALES AND SERVICES.

(a) CONDITION TO ALLOWANCE.— * * *

* * * * *

(b) SPECIAL CASES IN WHICH TAX PAYMENTS CONSIDERED OVERPAYMENTS.— Under regulations prescribed by the Secretary or his delegate credit or refund, without interest, shall be made of the overpayments determined under the following paragraphs:

(1) PRICE READJUSTMENTS.— * * *

(2) SPECIFIED USES AND REALES.— The tax paid under subchapter E of chapter 31 or chapter 32 in respect of any article shall be deemed to be an overpayment if such article was, by any person—

(A) * * *

* * * * *

(C) In the case of a liquid taxable under section 4041, sold for use as fuel in a diesel-powered highway vehicle or as fuel for the propulsion of a motor vehicle, motorboat, or airplane, if (i) the vendee used such liquid otherwise than as fuel in such a vehicle, motorboat, or airplane or resold such **[liquid;]** *liquid*, or (ii) *such liquid was (within the meaning of paragraphs (1), (2), and (3) of section 6420 (c)) used on a farm for farming purposes;*

* * * * *

SEC. 6420. GASOLINE USED ON FARMS.

(a) GASOLINE.— If gasoline is used on a farm for farming purposes, the Secretary or his delegate shall pay (without interest) to the ultimate purchaser of such gasoline the amount determined by multiplying—

(1) the number of gallons so used, by

(2) the rate of tax on gasoline under section 4081 which applied on the date he purchased such gasoline.

(b) TIME FOR FILING CLAIM; PERIOD COVERED.— Not more than one claim may be filed under this section by any person with respect to gasoline used during the one-year period ending on June 30 of any year. No claim shall be allowed under

this section with respect to any one-year period unless filed on or before September 30 of the year in which such one-year period ends.

(c) **MEANING OF TERMS.**—For purposes of this section—

(1) **USE ON A FARM FOR FARMING PURPOSES.**—Gasoline shall be treated as used on a farm for farming purposes only if used (A) in carrying on a trade or business, (B) on a farm situated in the United States, and (C) for farming purposes.

(2) **FARM.**—The term “farm” includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, green-houses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

(3) **FARMING PURPOSES.**—Gasoline shall be treated as used for farming purposes only if used—

(A) by any person in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife;

(B) by the owner, tenant, or operator of a farm, in handling, drying, packing, grading, or storing any agricultural or horticultural commodity in its unmanufactured state; but only if such owner, tenant, or operator produced more than one-half of the commodity which he so treated during the period with respect to which claim is filed;

(C) by the owner, tenant, or operator of a farm, in connection with—

(i) the planting, cultivating, caring for, or cutting of trees, or

(ii) the preparation (other than milling) of trees for market, incidental to farming operations, or

(D) by the owner, tenant, or operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment.

(4) **GASOLINE.**—The term “gasoline” has the meaning given to such term by section 4082 (b).

(d) **EXEMPT SALES; OTHER PAYMENTS OR REFUNDS AVAILABLE.**—No amount shall be paid under this section with respect to any gasoline which the Secretary or his delegate determines was exempt from the tax imposed by section 4081. The amount which (but for this sentence) would be payable under this section with respect to any gasoline shall be reduced by any other amount which the Secretary or his delegate determines is payable under this section, or is refundable under any provision of this title, to any person with respect to such gasoline.

(e) **APPLICABLE LAWS.**—

(1) **IN GENERAL.**—All provisions of law, including penalties, applicable in respect of the tax imposed by section 4081 shall, insofar as applicable and not inconsistent with this section, apply in respect of the payments provided for in this section to the same extent as if such payments constituted refunds of overpayments of the tax so imposed.

(2) **EXAMINATION OF BOOKS AND WITNESSES.**—For the purpose of ascertaining the correctness of any claim made under this section, or the correctness of any payment made in respect of any such claim, the Secretary or his delegate shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

(3) **FRACTIONAL PARTS OF A DOLLAR.**—Section 7504 (granting the Secretary discretion with respect to fractional parts of a dollar) shall not apply.

(f) **REGULATIONS.**—The Secretary or his delegate may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section.

(g) **EFFECTIVE DATE.**—This section shall apply only with respect to gasoline purchased after December 31, 1955.

(h) **CROSS REFERENCES.**—

(1) For exemption from tax in case of diesel fuel and special motor fuels used on a farm for farming purposes, see section 4041 (d).

(2) For civil penalty for excessive claim under this section, see section 6675.

(3) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to claims, other offenses, and forfeitures).

SEC. [6420] 6421. CROSS REFERENCES.

- (1) For limitations on credits and refunds, see subchapter B of chapter 66.
- (2) For overpayment arising out of adjustments incident to involuntary liquidation of inventory, see section 1321.
- (3) For overpayment in case of adjustments to accrued foreign taxes, see section 905 (c).
- (4) For credit or refund in case of deficiency dividends paid by a personal holding company, see section 547.
- (5) For refund, credit, or abatement of amounts disallowed by courts upon review of Tax Court decision, see section 7486.
- (6) For abatement or refund of tax on transfers to avoid income tax, see section 1494 (b).
- (7) For abatement or refund in case of tax on silver bullion, see section 4894.
- (8) For overpayment in certain renegotiations of war contracts, see section 1481.
- (9) For refund or redemption of stamps, see chapter 69.
- (10) For abatement, credit, or refund in case of jeopardy assessments, see chapter 70.
- (11) For treatment of certain overpayments as having been refunded, in connection with sale of surplus war-built vessels, see section 9 (b) (8) of the Merchant Ship Sales Act of 1946 (60 Stat. 48; 50 U. S. C. App. 1742).
- (12) For restrictions on transfers and assignments of claims against the United States, see R. S. 3477 (31 U. S. C. 203).
- (13) For set-off of claims against amounts due the United States, see the act of March 3, 1875, as amended by section 13 of the act of March 3, 1933 (47 Stat. 1516; 31 U. S. C. 227).
- (14) For special provisions relating to alcohol and tobacco taxes, see sections 5011, 5044, 5057, 5063, 5705, and 5707.

CHAPTER 66—LIMITATIONS

Subchapter A—Limitations on Assessment and Collection

SEC. 6504. CROSS REFERENCES.

For limitation period in case of—

- (1) Adjustments incident to involuntary liquidation of inventory see section 1321.
- (2) Adjustments to accrued foreign taxes, see section 905 (c).
- (3) Change of election to take standard deduction where taxpayer and his spouse make separate returns, see section 144 (b).
- (4) Involuntary conversion of property, see section 1033 (a) (3) (C) and (D).
- (5) Gain upon sale or exchange of residence, see section 1034 (j).
- (5) War loss recoveries where prior benefit rule is elected, see section 1335.
- (7) Recovery of unconstitutional Federal taxes, see section 1346.
- (8) Limitations on deductions allowable to individuals in certain cases, see section 270 (d).
- (9) Application by executor for discharge from personal liability for estate tax, see section 2204.
- (10) Insolvent banks and trust companies, see section 7507.
- (11) Service in a combat zone, etc., see section 7508.
- (12) Claims against transferees and fiduciaries, see chapter 71.
- (13) *Assessments to recover excessive amounts paid under section 6420 (relating to gasoline used on farms) and assessments of civil penalties under section 6675 for excessive claims under section 6420, see section 6206.*

Subchapter B—Limitations on Credit or Refund

SEC. 6511. LIMITATIONS ON CREDIT OR REFUND.

(f) CROSS REFERENCES.—

(1) For time return deemed filed and tax considered paid, see section 6513.

(2) For limitations with respect to certain credits against estate tax, see sections 2011 (c), 2014 (b), and 2015.

(3) For limitations in case of floor stocks refunds, see section 6412.

(4) For a period of limitations for credit or refund in the case of joint income returns after separate returns have been filed, see section 6013 (b) (3).

(5) *For limitations in case of payments under section 6420 (relating to gasoline used on farms), see section 6420 (b).*

CHAPTER 67—INTEREST

Subchapter B—Interest on Overpayments

SEC. 6612. CROSS REFERENCES.

(c) OTHER RESTRICTIONS ON INTEREST.—

For other restrictions on interest, see section 2011 (c) (relating to refunds due to credit for State taxes), 2014 (e) (relating to refunds attributable to foreign tax credits), 6412 (relating to floor stock refunds), 6413 (d) (relating to taxes under the Federal Unemployment Tax Act), 6416 (relating to certain taxes on sales and services), [and] 6419 (relating to the excise tax on wagering), and 6420 (relating to payments in the case of gasoline used on the farm for farming purposes).

CHAPTER 68—ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

Subchapter B—Assessable Penalties

Sec. 6671. Rules for application of assessable penalties.

Sec. 6672. Failure to collect and pay over tax, or attempt to evade or defeat tax.

Sec. 6673. Damages assessable for instituting proceedings before the Tax Court merely for delay.

Sec. 6674. Fraudulent statement or failure to furnish statement to employee.

Sec. 6675. *Excessive claims for gasoline used on farms.*

SEC. 6675. EXCESSIVE CLAIMS FOR GASOLINE USED ON FARMS.

(a) **CIVIL PENALTY.**—In addition to any criminal penalty provided by law, if a claim is made under section 6420 (relating to gasoline used on farms) for an excessive amount, unless it is shown that the claim for such excessive amount is due to reasonable cause, the person making such claim shall be liable to a penalty in an amount equal to whichever of the following is the greater:

(1) Two times the excessive amount; or

(2) \$10.

(b) **EXCESSIVE AMOUNT DEFINED.**—For purposes of this section, the term “excessive amount” means in the case of any person the amount by which—

(1) the amount claimed under section 6420 for any period, exceeds

(2) the amount allowable under such section for such period.

(c) *ASSESSMENT AND COLLECTION OF PENALTY.*—

For assessment and collection of penalty provided by subsection (a), see section 6206.

* * * * *

CHAPTER 75—CRIMES, OTHER OFFENSES, AND FORFEITURES

* * * * *

Subchapter A—Crimes

* * * * *

PART I—GENERAL PROVISIONS

* * * * *

SEC. 7210. FAILURE TO OBEY SUMMONS.

Any person who, being duly summoned to appear to testify, or to appear and produce books, accounts, records, memoranda, or other papers, as required under [sections 7602,] sections 6420 (e) (2), 7602, 7603, and 7604 (b), neglects to appear or to produce such books, accounts, records, memoranda, or other papers, shall, upon conviction thereof, be fined not more than \$1,000, or imprisoned not more than 1 year, or both, together with costs of prosecution.

* * * * *

CHAPTER 78—DISCOVERY OF LIABILITY AND ENFORCEMENT OF TITLE

* * * * *

Subchapter A—Examination and Inspection

* * * * *

SEC. 7603. SERVICE OF SUMMONS.

A summons issued under [section 7602] section 6420 (e) (2) or 7602 shall be served by the Secretary or his delegate, by an attested copy delivered in hand to the person to whom it is directed, or left at his last and usual place of abode; and the certificate of service signed by the person serving the summons shall be evidence of the facts it states on the hearing of an application for the enforcement of the summons. When the summons requires the production of books, papers, records, or other data, it shall be sufficient if such books, papers, records, or other data are described with reasonable certainty.

SEC. 7604. ENFORCEMENT OF SUMMONS.

(a) *JURISDICTION OF DISTRICT COURT.*—If any person is summoned under the internal revenue laws to appear, to testify, or to produce books, papers, records, or other data, the United States district court for the district in which such person resides or is found shall have jurisdiction by appropriate process to compel such attendance, testimony, or production of books, papers, records, or other data.

(b) *ENFORCEMENT.*—Whenever any person summoned under [section 7602] section 6420 (e) (2) or 7602 neglects or refuses to obey such summons, or to produce books, papers, records, or other data, or to give testimony, as required, the Secretary or his delegate may apply to the judge of the district court or to a United States commissioner for the district within which the person so summoned resides or is found for an attachment against him as for a contempt. It shall be the duty of the judge or commissioner to hear the application, and, if satisfactory proof is made, to issue an attachment, directed to some proper officer, for the arrest of such person, and upon his being brought before him to proceed to a hearing of the case; and upon such hearing the judge or the United States commissioner shall have power to make such order as he shall deem proper, not incon-

sistent with the law for the punishment of contempts, to enforce obedience to the requirements of the summons and to punish such person for his default or disobedience.

(c) CROSS REFERENCES.—

(1) AUTHORITY TO ISSUE ORDERS, PROCESSES, AND JUDGMENTS.—

For authority of district courts generally to enforce the provisions of this title, see section 7402.

(2) PENALTIES.—

For penalties applicable to violation of [section 7602] section 6420 (e) (2) or 7602, see section 7210.

SEC. 7605. TIME AND PLACE OF EXAMINATION.

(a) TIME AND PLACE.—The time and place of examination pursuant to the provisions of [section 7602] section 6420 (e) (2) or 7602 shall be such time and place as may be fixed by the Secretary or his delegate and as are reasonable under the circumstances. In the case of a summons under authority of paragraph (2) of [section 7602] section 6420 (e) (2) or 7602 the date fixed for appearance before the Secretary or his delegate shall not be less than 10 days from the date of the summons.

(b) RESTRICTIONS ON EXAMINATION OF TAXPAYER.—No taxpayer shall be subjected to unnecessary examination or investigations, and only one inspection of a taxpayer's books of account shall be made for each taxable year unless the taxpayer requests otherwise or unless the Secretary or his delegate, after investigation, notifies the taxpayer in writing that an additional inspection is necessary.



Union Calendar No. 589

84TH CONGRESS
2D SESSION

H. R. 8780

[Report No. 1684]

IN THE HOUSE OF REPRESENTATIVES

JANUARY 25, 1956

Mr. COOPER introduced the following bill; which was referred to the Committee on Ways and Means

JANUARY 26, 1956

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. RELIEF FROM EXCISE TAX ON GASOLINE.**

4 Subchapter B of chapter 65 of the Internal Revenue
5 Code of 1954 (rules of special application for abatements,
6 credits, and refunds) is amended by renumbering section
7 6420 as 6421 and by inserting after section 6419 the fol-
8 lowing new section:

1 "SEC. 6420. GASOLINE USED ON FARMS.

2 " (a) GASOLINE.—If gasoline is used on a farm for
3 farming purposes, the Secretary or his delegate shall pay
4 (without interest) to the ultimate purchaser of such gasoline
5 the amount determined by multiplying—

6 " (1) the number of gallons so used, by

7 " (2) the rate of tax on gasoline under section 4081
8 which applied on the date he purchased such gasoline.

9 " (b) TIME FOR FILING CLAIM; PERIOD COVERED.—
10 Not more than one claim may be filed under this section by
11 any person with respect to gasoline used during the one-
12 year period ending on June 30 of any year. No claim shall
13 be allowed under this section with respect to any one-year
14 period unless filed on or before September 30 of the year
15 in which such one-year period ends.

16 " (c) MEANING OF TERMS.—For purposes of this sec-
17 tion—

18 " (1) USE ON A FARM FOR FARMING PURPOSES.—
19 Gasoline shall be treated as used on a farm for farming
20 purposes only if used (A) in carrying on a trade or
21 business, (B) on a farm situated in the United States,
22 and (C) for farming purposes.

23 " (2) FARM.—The term 'farm' includes stock, dairy,
24 poultry, fruit, fur-bearing animal, and truck farms, plan-
25 tations, ranches, nurseries, ranges, greenhouses or other

1 similar structures used primarily for the raising of agri-
2 cultural or horticultural commodities, and orchards.

3 “(3) FARMING PURPOSES.—Gasoline shall be
4 treated as used for farming purposes only if used—

5 “(A) by any person in connection with culti-
6 vating the soil, or in connection with raising or
7 harvesting any agricultural or horticultural com-
8 modity, including the raising, shearing, feeding,
9 caring for, training, and management of livestock,
10 bees, poultry, and fur-bearing animals and wildlife;

11 “(B) by the owner, tenant, or operator
12 of a farm, in handling, drying, packing, grading, or
13 storing any agricultural or horticultural commodity
14 in its unmanufactured state; but only if such owner,
15 tenant, or operator produced more than one-half
16 of the commodity which he so treated during the
17 period with respect to which claim is filed;

18 “(C) by the owner, tenant, or operator of a
19 farm, in connection with—

20 “(i) the planting, cultivating, caring for,
21 or cutting of trees, or

22 “(ii) the preparation (other than milling)
23 of trees for market,
24 incidental to farming operations; or

25 “(D) by the owner, tenant, or oper-

1 ator of a farm, in connection with the operation,
2 management, conservation, improvement, or main-
3 tenance of such farm and its tools and equipment.

4 “(4) GASOLINE.—The term ‘gasoline’ has the
5 meaning given to such term by section 4082 (b).

6 “(d) EXEMPT SALES; OTHER PAYMENTS OR RE-
7 FUNDS AVAILABLE.—No amount shall be paid under this
8 section with respect to any gasoline which the Secretary or his
9 delegate determines was exempt from the tax imposed by sec-
10 tion 4081. The amount which (but for this sentence) would
11 be payable under this section with respect to any gasoline
12 shall be reduced by any other amount which the Secretary or
13 his delegate determines is payable under this section, or is
14 refundable under any provision of this title, to any person
15 with respect to such gasoline.

16 “(e) APPLICABLE LAWS.—

17 “(1) IN GENERAL.—All provisions of law, includ-
18 ing penalties, applicable in respect of the tax imposed
19 by section 4081 shall, insofar as applicable and not in-
20 consistent with this section, apply in respect of the pay-
21 ments provided for in this section to the same extent as if
22 such payments constituted refunds of overpayments of
23 the tax so imposed.

24 “(2) EXAMINATION OF BOOKS AND WITNESSES.—
25 For the purpose of ascertaining the correctness of any

claim made under this section, or the correctness of any payment made in respect of any such claim, the Secretary or his delegate shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

“(3) FRACTIONAL PARTS OF A DOLLAR.—Section 7504 (granting the Secretary discretion with respect to fractional parts of a dollar) shall not apply.

“(f) REGULATIONS.—The Secretary or his delegate may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section.

“(g) EFFECTIVE DATE.—This section shall apply only with respect to gasoline purchased after December 31, 1955.

“(h) CROSS REFERENCES.—

“(1) For exemption from tax in case of diesel fuel and special motor fuels used on a farm for farming purposes, see section 4041 (d).

“(2) For civil penalty for excessive claim under this section, see section 6675.

“(3) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to claims, other offenses, and forfeitures).”

SEC. 2. RELIEF FROM TAXES ON DIESEL FUEL AND SPECIAL MOTOR FUELS.

(a) (1) Section 4041 of the Internal Revenue Code of 1954 (relating to excise taxes on diesel fuel and special

1 motor fuels) is amended by adding at the end thereof the
2 following new subsection:

3 “(d) EXEMPTION FOR FARM USE.—

4 “(1) EXEMPTION.—Under regulations prescribed
5 by the Secretary or his delegate—

6 “(A) no tax shall be imposed under subsec-
7 tion (a) (1) or (b) (1) on the sale of any liquid
8 sold for use on a farm for farming purposes, and

9 “(B) no tax shall be imposed under subsec-
10 tion (a) (2) or (b) (2) on the use of any liquid
11 used on a farm for farming purposes.

12 “(2) USE ON A FARM FOR FARMING PURPOSES.—
13 For purposes of paragraph (1) of this subsection, use
14 on a farm for farming purposes shall be determined
15 in accordance with paragraphs (1), (2), and (3)
16 of section 6420 (c).”

17 (2) The amendment made by paragraph (1) shall
18 take effect on the day after the date of the enactment of
19 this Act.

20 (b) (1) Section 6416 (b) (2) (C) of such Code
21 (relating to credit or refund of overpayment of tax on
22 special fuels) is amended to read as follows:

23 “(C) In the case of a liquid taxable under
24 section 4041, sold for use as fuel in a diesel-
25 powered highway vehicle or as fuel for the pro-

pulsion of a motor vehicle, motorboat, or airplane, if (i) the vendee used such liquid otherwise than as fuel in such a vehicle, motorboat, or airplane or resold such liquid, or (ii) such liquid was (within the meaning of paragraphs (1), (2), and (3) of section 6420 (c)) used on a farm for farming purposes;”.

(2) The amendment made by paragraph (1) shall apply with respect to liquid sold after December 31, 1955.

SEC. 3. CIVIL PENALTY FOR EXCESSIVE CLAIMS FOR GASOLINE USED ON FARMS.

Subchapter B of chapter 68 of the Internal Revenue Code of 1954 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

“SEC. 6675. EXCESSIVE CLAIMS FOR GASOLINE USED ON FARMS.

“(a) CIVIL PENALTY.—In addition to any criminal penalty provided by law, if a claim is made under section 6420 (relating to gasoline used on farms) for an excessive amount, unless it is shown that the claim for such excessive amount is due to reasonable cause, the person making such claim shall be liable to a penalty in an amount equal to whichever of the following is the greater:

“(1) Two times the excessive amount; or

“(2) \$10.

1 “(b) EXCESSIVE AMOUNT DEFINED.—For purposes
2 of this section, the term ‘excessive amount’ means in the case
3 of any person the amount by which—

4 “(1) the amount claimed under section 6420 for
5 any period, exceeds

6 “(2) the amount allowable under such section for
7 such period.

8 “(c) ASSESSMENT AND COLLECTION OF PENALTY.—

 “For assessment and collection of penalty provided
by subsection (a), see section 6206.”

9 SEC. 4. TECHNICAL AMENDMENTS.

10 (a) (1) Subpart A of part III of subchapter A of
11 chapter 32 of the Internal Revenue Code of 1954 (relating
12 to excise tax on gasoline) is amended by adding at the end
13 thereof the following new section:

14 “SEC. 4084. RELIEF OF FARMERS FROM TAX IN CASE OF
15 GASOLINE USED ON THE FARM.

 “For provisions to relieve farmers from excise tax in
the case of gasoline used on the farm for farming pur-
poses, see section 6420.”

16 (2) The table of sections for such subpart A is amended
17 by adding at the end thereof the following:

 “Sec. 4084. Relief of farmers from tax in case of gasoline
used on the farm.”

18 (b) (1) Subchapter A of chapter 63 of such Code (re-
19 lating to assessment) is amended by renumbering section

1 6206 as 6207 and by inserting after section 6205 the
 2 following new section:

3 “SEC. 6206. SPECIAL RULES APPLICABLE TO EXCESSIVE
 4 CLAIMS UNDER SECTION 6420.

5 “Any portion of a payment made under section 6420
 6 which constitutes an excessive amount (as defined in sec-
 7 tion 6675 (b)), and any civil penalty provided by section
 8 6675, may be assessed and collected as if it were a tax
 9 imposed by section 4081 and as if the person who made
 10 the claim were liable for such tax. The period for assessing
 11 any such portion, and for assessing any such penalty, shall
 12 be 3 years from the last day prescribed for the filing of
 13 the claim under section 6420.”

14 (2) The table of sections for such subchapter A is
 15 amended by striking out

“Sec. 6206. Cross references.”

16 and inserting in lieu thereof

“Sec. 6206. Special rules applicable to excessive claims
 under section 6420.

“Sec. 6207. Cross references.”

17 (c) The table of sections for subchapter B of chapter
 18 65 of such Code is amended by striking out

“Sec. 6420. Cross references.”

19 and inserting in lieu thereof the following:

“Sec. 6420. Gasoline used on farms.

“Sec. 6421. Cross references.”

1 (d) Section 6504 of such Code (cross references for
2 limitations on assessments) is amended by adding at the end
3 thereof the following:

“(13) Assessments to recover excessive amounts paid
under section 6420 (relating to gasoline used on farms)
and assessments of civil penalties under section 6675
for excessive claims under section 6420, see section 6206.”

4 (e) Section 6511 (f) of such Code (cross references
5 for limitations on credit or refund) is amended by adding
6 at the end thereof the following:

“(5) For limitations in case of payments under sec-
tion 6420 (relating to gasoline used on farms), see section
6420 (b).”

7 (f) Section 6612 (c) of such Code (cross references for
8 restrictions on interest) is amended by striking out “and”
9 before “6419” and by inserting before the period at the end
10 thereof the following: “, and 6420 (relating to payments in the
11 case of gasoline used on the farm for farming purposes)”.
12

13 (g) The table of sections for subchapter B of chapter
14 68 of such Code is amended by adding at the end thereof
the following:

“Sec. 6675. Excessive claims for gasoline used on farms.”

15 (h) Section 7210 of such Code (relating to failure to
16 obey summons) is amended by striking out “sections 7602,”
17 and inserting in lieu thereof “sections 6420 (e) (2), 7602,”.

18 (i) Sections 7603 (relating to service of summons),
19 7604 (relating to enforcement of summons), and 7605 (re-

1 lating to time and place of examination) of such Code are
2 each amended by striking out “section 7602” wherever it
3 appears and inserting in lieu thereof “section 6420 (e) (2)
4 or 7602”.

Union Calendar No. 589

84TH CONGRESS
2D SESSION

H. R. 8780

[Report No. 1684]

A BILL

To amend the Internal Revenue Code of 1954
to relieve farmers from excise taxes in the
case of gasoline and special fuels used on the
farm for farming purposes.

By Mr. COOPER

JANUARY 25, 1956

Referred to the Committee on Ways and Means

JANUARY 26, 1956

Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued January 31, 1956
For actions of January 30, 1956
84th-2nd, No. 15

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HIGHLIGHTS: House adopted conference report on bill to increase funds available to SBA for disaster loans. House committee reported bill to increase school milk and brucellosis programs. House concluded debate on bill to relieve farmers of excise tax on gasoline used on farm. Reps. Metcalf and Jones, Mo., criticized Department's correspondence policy. Rep. Hoffman defended Department's actions. (cont'd on last page.)

HOUSE

1. DISASTER LOANS. Adopted the conference report on H. R. 7871, to authorize an increase in funds available to the SBA for disaster loans. (p. 1370). The Senate adopted the conference report on Fri., Jan. 27. This bill is now ready for the President.
2. TAXATION. Considered H. R. 8780, to provide for the relief of farmers from the Federal excise tax on gasoline used on the farm. A roll call vote is to be taken on the passage of the bill today, Jan. 31. p. 1372
3. SCHOOL MILK; BRUCELLOSIS. The Agriculture Committee reported with amendment H. R. 8320, to provide for an increase in funds for the school milk and brucellosis programs (H. Rept. 1696). p. 1403
4. PERSONNEL. Rep. Metcalf criticized the Department's reply to a loyalty case question which he had raised and suggested that the reply received may not have reflected the position of the Department. p. 1371
Received from the Comptroller General a report on the audit of the civil service retirement and disability fund for the fiscal years 1954 and 1955; to the Government Operations Committee. p. 1402

5. TRANSPORTATION. The Merchant Marine and Fisheries Committee reported with amendment S. 2286, to provide for the utilization of privately owned ships for the transportation of personal vehicles of certain Defense Department personnel (H. Rept. 1686). p. 1402
6. PUBLICATIONS. Peps. Metcalf, Jones, Mo., and O'Hara criticized this Department's procedure in replying to a Harper's magazine article. Rep. Hoffman defended the policy of this Department. pp. 1371, 1372
7. FOREIGN TRADE. Rep. Bailey discussed the various provisions of GATT and urged that the Congress not surrender its powers in the field of foreign trade to such an international organization. p. 1380
8. RECLAMATION. Rep. Hosmer alleged that the geological structure of the reservoir area of the Upper Colorado reclamation project would prohibit construction of the project. p. 1389
9. COMMITTEES. Received the personnel and fiscal report of the Agriculture Committee and others. p. 1396

SENATE

10. FAIR PROGRAM. Sen. Watkins inserted his statement filed with the Agriculture and Forestry Committee stressing the sound condition of American agriculture and commending the President's agricultural program. p. 1318
11. PERSONNEL. Received the Comptroller General's letter transmitting the annual audit report on findings relating to the civil service retirement and disability fund. p. 1306
12. ATOMIC ENERGY. Received the Atomic Energy Commission's semi-annual report. p. 1306
13. ELECTRIFICATION. Sen. Murray inserted a National Rural Electric Cooperative Assoc. resolution condemning the report of the Presidential Advisory Committee on Water Resources Policy, and urged, instead, the establishment of river-basin agencies such as TVA and that recommended in the Ho. Basin Survey Commission Report. p. 1308
14. PUBLICATIONS. Several Senators discussed the letter from this Department to Harper's magazine. pp. 1323, 1333
15. WATER; LOBBYING. Sen. Watkins criticized the activities of the southern California water lobby relating to the Colorado River water storage project, and inserted several articles regarding the matter (p. 1330). Sen. Kuchel expressed resentment over Sen. Watkins' remarks. (p. 1333).
16. NOMINATION. Sen. Neuberger, joined by Sen. Morse, criticized the nomination of Wesley A. D'Uwart to be an Assistant Secretary of Interior, and inserted several articles in opposition to it. p. 1355
17. LEGISLATIVE PROGRAM. Majority Leader Johnson announced that at the conclusion of the pending business the Senate may consider the following bills: S. 2084, extending to the 1956 durum wheat crop the acreage allotments provided for in

Israel recognition, has long declared its firm friendship for Israel. Now we must recognize the State of Israel is fighting for survival—that this is a threat to the peace of the world.

There are two steps we should take: First, assist with defensive arms to Israel so that her people may not be exposed to imminent annihilation; second, offer formal security treaties to each of the nations in that area. A security pact with each of the Arab States would assure them that there will be no aggressive war waged by the State of Israel. Similarly, a security pact with Israel would assure her against attack from any of her neighbors. In this way, these nations committed to preserving the peace may peacefully build their economies—and the peace of the world will be strengthened.

TARIFFS AND TRADE TREATIES

(Mr. BAILEY asked and was granted permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAILEY. Mr. Speaker, I have asked for this time for the purpose of informing my colleagues that later during the session today I have a special order for 40 minutes. I am taking a few minutes of that time to insert in the RECORD the detail of what constitutes the General Agreement on Tariffs and Trade Treaties in Geneva; also the new set-up known as the Office of Trade Cooperation that will be placed before us at this session of Congress. I acquired this information at considerable cost to myself, and I would appreciate it if every Member of the Congress would read this, because I think he should know just exactly what is comprised in these two groups. If after you have studied this you are still willing to surrender the constitutional authority of Congress to control trade treaties, then there is nothing further the gentleman from West Virginia can do about it. I shall, of course, continue to oppose the surrender of the rights of the Congress.

EXTENSION OF REMARKS

Mr. GATHINGS. Mr. Speaker, last week I obtained unanimous consent to include a very timely editorial on State watershed development. I have been advised by the Government Printing Office that this article would require 2½ pages at a cost of \$200. Irrespective of the cost, and although it does exceed the minimum allowed under the rules, I ask unanimous consent that the article may be included.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

HON. E. T. BENSON, SECRETARY OF AGRICULTURE

(Mr. METCALF asked and was granted permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. METCALF. Mr. Speaker, on July 8, 1953, I addressed a letter to the Secretary of Agriculture. It was my desire to call to his personal attention a loyalty case—a case in which in my opinion there was a grave miscarriage of justice.

Under date of July 21, 1953, I received a reply from the Department of Agriculture signed E. T. Benson, Secretary:

I also have reviewed our file—

The letter read. At another point, there was this phrase:

I can find no basis for reversing it—

"It" meaning the decision.

The letter also said:

The record in this case is voluminous. It includes investigative reports in addition to transcripts of hearings.

When I read the transcript, I could not find any basis for the decision of the Loyalty Review Board. I disapproved of basing the action of the Board on investigative reports, the contents of which were not revealed to the accused or his counsel; but there was some consolation in the statement that Mr. Benson had read some evidence that convinced him that the decision was correct.

Events of the past few days, however, have made me doubt even this. I refer to the letter to Harper's magazine, signed with the name of the Secretary of Agriculture, who wrote:

I have read the article with a great deal of interest. It is excellent.

This is the article which insults every farmer in America.

Last Friday, Mr. Benson said:

The article was sent into my office, but in the rush of my duties I did not see it. The letter was signed with my name by an assistant, who has this authority for occasional routine acknowledgments.

Since Mr. Benson had not read the Harper's article and did not sign that letter which bore his name, perhaps he did not read the record in the case I have cited. Therefore, I have written him, asking if he read the record in the case I wrote him about and if he signed the letter to me.

Mr. HOFFMAN of Michigan. If you keep writing him how do you expect him to read them all?

The SPEAKER. The time of the gentleman from Montana has expired.

SECRETARY BENSON'S APOLOGY

(Mr. JONES of Missouri asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JONES of Missouri. Mr. Speaker, in order that we may keep the record straight relative to the publicized so-called apology of the Secretary of Agriculture, let me say that last Friday when he told the world that he had not signed a letter that appeared in Harper's magazine, that he had not read the article, and so forth, I just want the record to show that the apology did not come until after the heat got hot last Friday afternoon, and at the request of members of his own party.

I have in my hand here a copy of a publication circulated in the Depart-

ment of Agriculture, sometimes called the Green Hornet. This was published last Thursday morning, when it was generally circulated throughout the Department of Agriculture. The Secretary at that time had notice of the fact that I had called his attention on Wednesday to the article which appeared in the December issue of Harper's; I also called attention to the letter which bore his name which appeared in the February issue of Harper's. He did not take the opportunity to offer that apology on Wednesday; he did not offer the apology on Thursday; he did not offer the apology on Friday morning; he did not offer it until Friday afternoon when the heat got hot, when even members of his own party in Congress called for his resignation.

Then he came through with the apology.

It is the same old story, Mr. Speaker. Not until he is forced into a corner from which there is no escape does the Secretary come forth with a so-called apology which no one can construe as being made voluntarily.

The Secretary is quoted now as saying that he does not endorse the article which appeared in the December issue of Harper's. But regardless of who wrote or who signed the letter which appeared over his name saying that "It is excellent," there appears to be no question that it was written in the Secretary's office. Despite the fact that the Secretary has written, "Of course, the contents of the article as reported to me by my staff does not in the slightest reflect by views," must we not assume that both his actions and his expressions within the sanctity of his private office, have caused his associates and personal employees to believe that the article did express his true views?

I will be looking forward to the "Letters to the Editor" in the March issue of Harper's.

THE PRESIDENT'S REPLY TO THE RUSSIAN OVERTURES

(Mr. BECKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BECKER. Mr. Speaker, I rise to express my appreciation, my public appreciation, of the letter sent by the President of the United States in reply to the letter of the Premier of the Soviet Union.

The President made a very complete statement of facts as to why the United States could not, and should not, enter into any 20-year agreement with Soviet Russia. I am glad the President expressed all the reasons. Again I want to commend very highly, and I am sure the American people thoroughly agree with it, that paragraph of the President's letter wherein he said that the only way Soviet Russia can express her sincerity is not by words but by deeds and by actions.

I go further and say that the only way they can express to the United States and to the world that they are interested in peace is to release from behind the Iron Curtain all of those nations that are now in slavery under the Communist

yoke, and take steps for the unification of Germany.

I know the American people will applaud and uphold the President in his position.

SIGNED AND UNSIGNED LETTERS

(Mr. McDONOUGH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McDONOUGH. Mr. Speaker, while we are talking about letters that were signed and unsigned, I am sure this is not limited to either side of the aisle.

I recall receiving a letter from former President Harry Truman in which he expressed to me the thought that the Marine Corps had a propaganda machine equal to that of Stalin's but that it was going to remain the policy of the Navy as long as he was President of the United States. However, before he retired as President of the United States he signed a bill which gave the Marine Corps equal status on the Joint Chiefs of Staff, which was the subject of the letter I wrote to him.

So the question of signed or unsigned letters is not limited to either party. That was one letter I am sure former President Truman regretted he ever signed.

I am sure most of the Members of the House remember former President Truman's letter to me which follows:

THE WHITE HOUSE,

Washington, August 29, 1950.

Hon. GORDON L. McDONOUGH,
House of Representatives,

Washington, D. C.

MY DEAR CONGRESSMAN McDONOUGH: I read with a lot of interest your letter in regard to the Marine Corps. For your information the Marine Corps is the Navy's police force and as long as I am President that is what it will remain. They have a propaganda machine that is almost equal to Stalin's.

Nobody desires to belittle the efforts of the Marine Corps but when the Marine Corps goes into the Army it works with and for the Army and that is the way it should be.

I am more than happy to have your expression of interest in this naval military organization. The Chief of Naval Operations is the Chief of Staff of the Navy of which the Marines are a part.

Sincerely yours,

HARRY S. TRUMAN.

RELIEF FROM TAXES ON GASOLINE AND SPECIAL FUELS USED ON FARMS

(Mr. RAY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. RAY. Mr. Speaker, when H. R. 8780 comes before the House today under suspension of the rules, the time for debate will be very short. Therefore, I have asked this opportunity to state my views.

H. R. 8780 is presented because many people engaged in farming, particularly those whose farm operations are on a relatively small scale, are in a distressed economic condition and must have immediate help. The ones we hear most about are engaged in the kinds of farming to which price supports and produc-

tion controls apply. In a very real sense, therefore, the Federal Government has some responsibility for their plight. The loss of revenue which the Government will suffer if this bill becomes law has been covered in the budget now before us.

I will vote for the bill as an emergency measure.

But H. R. 8780 gives substantial tax relief to all engaged in farming. The larger the farming operation carried on by an individual, the more gasoline and so forth he will use and the larger will be his tax benefit. Conversely, the man whose farming operations are on a relatively small scale will get correspondingly small benefits.

There are many prosperous farmers. It is my understanding that most of the prosperous farmers are to be found among those who do not get subsidies, who are not subject to acreage or other production controls and who can take pride in standing on their own feet. Under this bill, those prosperous farmers will get relief which they do not need and, as far as I know, have not asked for. The ones who need help may not get enough but what they do receive will, by reason of the concessions made to those who do not need them, be very costly to the Public Treasury. H. R. 8780 should be regarded as stopgap rather than permanent legislation.

Mr. Speaker, it is high time that the whole farm program be brought into proper perspective, that the Government confine its help to those who need and deserve help, and that it cease making donations to those who do not need help. Such action would go far to avoid the accumulation of surpluses, it would permit the elimination of many of the troublesome controls which still continue, and it would reintegrate farming in the country's free enterprise system.

SECRETARY OF AGRICULTURE

(Mr. HOFFMAN of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Speaker, I want to be helpful if I can. If the Secretary of Agriculture is a fast reader, and I assume he is, and if he read 24 hours each day, I wonder if he could personally read all the mail that comes to him. Along the line of trying to be helpful, if our Democratic friends would not find so much fault with the Secretary, he would have more time to read more letters himself, but you keep him so busy all the time with your complaints, and in those instances you were joined by a couple of Members in the other body who belong to our party. They sure got on the ball quick, those two gentlemen, suggesting that he resign. I cannot appreciate that. But, keep it in mind, will you, please, not to find fault with him all the time these complain, if he, just as you and I, delegate some of his duties, and when a mistake is made, he accepts responsibility and apologizes. It is difficult for some to appreciate a frank, honest official.

GALLANTRY

(Mr. O'HARA of Illinois asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'HARA of Illinois. Mr. Speaker, I, too, want to be helpful. It seems to me that one issue has been overlooked in the discussion of Secretary Benson's letter, and that is the issue of gallantry. I was brought up to believe that a man kept his mouth shut unless there was something about a woman that he could say in a complimentary sense. Now, why was it necessary to pin the blame for Mr. Benson's self-confessed boner on a poor little woman?

FORMER PRESIDENT TRUMAN

(Mr. CHRISTOPHER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHRISTOPHER. Mr. Speaker, I do not know whether I want to be helpful or not. I have not made up my mind about that yet. The gentleman who a few minutes ago was down to this mike was recalling a letter that President Truman, of Missouri, signed and then later signed a bill that was at variance with that letter. That is probably true because the man who made that statement is a very truthful man. But I am sure of one thing. If Harry Truman ever signed a letter that came out with his signature affixed to it, he has never and never will deny signing that letter nor deny a knowledge of the contents of that letter, and he will never hide behind an office force and try to make the people that work for him responsible for the things he did himself. I am sure that that has never happened and will never happen.

TAXES ON GASOLINE AND SPECIAL FUELS USED ON FARMS

Mr. COOPER. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes.

The Clerk read as follows:

Be it enacted, etc.—

SECTION 1. Relief from excise tax on gasoline.

Subchapter B of chapter 65 of the Internal Revenue Code of 1954 (rules of special application for abatements, credits, and refunds) is amended by renumbering section 6420 as 6421 and by inserting after section 6419 the following new section:

"SEC. 6420. Gasoline used on farms.

"(a) Gasoline: If gasoline is used on a farm for farming purposes, the Secretary or his delegate shall pay (without interest) to the ultimate purchaser of such gasoline the amount determined by multiplying—

"(1) the number of gallons so used, by

"(2) the rate of tax on gasoline under section 4081 which applied on the date he purchased such gasoline.

"(b) Time for filing claim; period covered: Not more than one claim may be filed under this section by any person with respect to gasoline used during the 1-year period ending June 30 of any year. No claim shall be al-

lowed, under this section with respect to any 1-year period unless filed on or before September 30 of the year in which such 1-year period ends.

"(c) Meaning of terms: For purposes of this section—

"(1) Use on a farm for farming purposes: Gasoline shall be treated as used on a farm for farming purposes only if used (A) in carrying on a trade or business, (B) on a farm situated in the United States, and (C) for farming purposes.

"(2) Farm: The term 'farm' includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

"(3) Farming purposes: Gasoline shall be treated as used for farming purposes only if used—

"(A) by any person in connection with cultivating soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife;

"(B) by the owner, tenant, or operator of a farm, in handling, drying, packing, grading, or storing any agricultural or horticultural commodity in its unmanufactured state; but only if such owner, tenant, or operator produced more than one-half of the commodity which he so treated during the period with respect to which claim is filed;

"(C) by the owner, tenant, or operator of a farm, in connection with—

"(i) the planting, cultivating, caring for, or cutting of trees, or

"(ii) the preparation (other than milling) of trees for market,

incidental to farming operations; or

"(D) by the owner, tenant, or operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment.

"(4) Gasoline: The term 'gasoline' has the meaning given to such term by section 4082 (b).

"(d) Exempt sales; other payments or refunds available: No amount shall be paid under this section with respect to any gasoline which the Secretary or his delegate determines was exempt from the tax imposed by section 4801. The amount which (but for this sentence) would be payable under this section with respect to any gasoline shall be reduced by any other amount which the Secretary or his delegate determines is payable under this section, or is refundable under any provision of this title, to any person with respect to such gasoline.

"(e) Applicable laws:

"(1) In general: All provisions of law including penalties, applicable in respect of the tax imposed by section 4081 shall, insofar as applicable and not inconsistent with this section, apply in respect of the payments provided for in this section to the same extent as if such payments constituted refunds of overpayments of the tax so imposed.

"(2) Examination of books and witnesses: For the purpose of ascertaining the correctness of any claim made under this section or the correctness of any payment made in respect of any such claim, the Secretary or his delegate shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

"(3) Fractional parts of a dollar: Section 7504 (granting the Secretary discretion with respect to fractional parts of a dollar) shall not apply.

"(f) Regulations: The Secretary or his delegate may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which pay-

ments may be made under this section.

"(g) Effective date: This section shall apply only with respect to gasoline purchased after December 31, 1955.

"(h) Cross references:

"(1) For exemption from tax in case of diesel fuel and special motor fuels used on a farm for farming purposes, see section 4041 (d).

"(2) For civil penalty for excessive claim under this section, see section 6675.

"(3) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to claims, other offenses, and forfeitures)."

SEC. 2. Relief from taxes on diesel fuel and special motor fuels.

(a) (1) Section 4041 of the Internal Revenue Code of 1954 (relating to excise taxes on diesel fuel and special motor fuels) is amended by adding at the end thereof the following new subsection:

"(d) Exemption for farm use:

"(1) Exemption: Under regulations prescribed by the Secretary or his delegate—

"(A) no tax shall be imposed under subsection (a) (1) or (b) (1) on the sale of any liquid sold for use on a farm for farming purposes, and

"(B) no tax shall be imposed under subsection (a) (2) or (b) (2) on the use of any liquid used on a farm for farming purposes.

"(2) Use on a farm for farming purposes: For purposes of paragraph (1) of this subsection, use on a farm for farming purposes shall be determined in accordance with paragraphs (1), (2), and (3) of section 6420 (c)."

(2) The amendment made by paragraph (1) shall take effect on the day after the date of the enactment of this act.

(b) (1) Section 6416 (b) (2) (C) of such code (relating to credit or refund of overpayment of tax on special fuels) is amended to read as follows:

"(C) In the case of a liquid taxable under section 4041, sold for use as fuel in a diesel-powered highway vehicle or as fuel for the propulsion of a motor vehicle, motorboat, or airplane, if (i) the vendee used such liquid otherwise than as fuel in such a vehicle, motorboat, or airplane or resold such liquid, or (ii) such liquid was (within the meaning of paragraphs (1), (2), and (3) of section 6420 (c)) used on a farm for farming purposes;"

(2) The amendment made by paragraph (1) shall apply with respect to liquid sold after December 31, 1955.

SEC. 3. Civil penalty for excessive claims for gasoline used on farms.

Subchapter B of chapter 68 of the Internal Revenue Code of 1954 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"Sec 6675. Excessive claims for gasoline used on farms.

"(a) Civil penalty: In addition to any criminal penalty provided by law, if a claim is made under section 6420 (relating to gasoline used on farms) for an excessive amount, unless it is shown that the claim for such excessive amount is due to reasonable cause, the person making such claim shall be liable to a penalty in an amount equal to whichever of the following is the greater:

"(1) Two times the excessive amount; or

"(2) \$10.

"(b) Excessive amount defined: For purposes of this section, the term 'excessive amount' means in the case of any person the amount by which—

"(1) the amount claimed under section 6420 for any period, exceeds

"(2) the amount allowable under such section for such period.

"(c) Assessment and collection of penalty:

"For assessment and collection of penalty provided by subsection (a), see section 6206."

SEC. 4. Technical amendments.

(a) (1) Subpart A of part III of subchapter A of chapter 32 of the Internal Revenue Code of 1954 (relating to excise tax on gasoline) is amended by adding at the end thereof the following new section:

"Sec. 4084. Relief of farmers from tax in case of gasoline used on the farm.

"For provisions to relieve farmers from excise tax in the case of gasoline used on the farm for farming purposes, see section 6420."

(2) The table of sections for such subpart A is amended by adding at the end thereof the following:

"Sec. 4084. Relief of farmers from tax in case of gasoline used on the farm."

(b) (1) Subchapter A of chapter 63 of such Code (relating to assessment) is amended by renumbering section 6206 as 6207 and by inserting after section 6205 the following new section:

"Sec. 6206. Special rules applicable to excessive claims under section 6420.

"Any portion of a payment made under section 6420 which constitutes an excessive amount (as defined in section 6675 (b)), and any civil penalty provided by section 6675, may be assessed and collected as if it were a tax imposed by section 4081 and as if the person who made the claim were liable for such tax. The period for assessing any such portion, and for assessing any such penalty, shall be 3 years from the last day prescribed for the filing of the claim under section 6420."

(2) The table of sections for such subchapter A is amended by striking out

"Sec. 6206. Cross references."

and inserting in lieu thereof

"Sec. 6206. Special rules applicable to excessive claims under section 6420.

"Sec. 6207. Cross references."

(c) The table of sections for subchapter B of chapter 65 of such Code is amended by striking out

"Sec. 6420. Cross references."

and inserting in lieu thereof the following:

"Sec. 6420. Gasoline used on farms.

"Sec. 6421. Cross references."

(d) Section 6504 of such Code (cross references for limitations on assessments) is amended by adding at the end thereof the following:

"(13) Assessments to recover excessive amounts paid under section 6420 (relating to gasoline used on farms) and assessments of civil penalties under section 6675 for excessive claims under section 6420, see section 6206."

(e) Section 6511 (f) of such Code (cross references for limitations on credit or refund) is amended by adding at the end thereof the following:

"(5) For limitations in case of payments under section 6420 (relating to gasoline used on farms), see section 6420 (b)."

(f) Section 6612 (c) of such Code (cross references for restrictions on interest) is amended by striking out "and" before "6419" and by inserting before the period at the end thereof the following: ", and 6420 (relating to payments in the case of gasoline used on the farm for farming purposes)."

(g) The table of sections for subchapter B of chapter 68 of such Code is amended by adding at the end thereof the following:

"Sec. 6675. Excessive claims for gasoline used on farms."

(h) Section 7210 of such Code (relating to failure to obey summons) is amended by

striking out "sections 7602," and inserting in lieu thereof "sections 6420 (e) (2), 7602,".

(i) Sections 7603 (relating to service of summons), 7604 (relating to enforcement of summons), and 7605 (relating to time and place of examination) of such Code are each amended by striking out "section 7602" wherever it appears and inserting in lieu thereof "section 6420 (e) (2) or 7602."

The SPEAKER. Is a second demanded?

Mr. REED of New York. Mr. Speaker, I demand a second.

Mr. COOPER. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may be permitted to extend their remarks in the RECORD on the pending bill before the vote is taken.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

(Mr. COOPER asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, the pending bill, H. R. 8780, which I introduced, is designed to relieve farmers from the burden of the excise taxes presently imposed on gasoline and special motor fuels used on farms for farming operations. These taxes are now 2 cents per gallon.

The gentleman from New York [Mr. REED] introduced an identical bill, H. R. 8781. It is estimated that enactment of this legislation will provide about \$60 million of tax relief to farmers each year.

This legislation is not predicated on the fact that gasoline, diesel fuel, and special motor fuels used by farmers are used for nonhighway purposes, but upon the belief that the Congress should effectuate this tax relief for our hard-pressed farmers. The industrial segment of our economy continues to operate at a high level. On the other hand, the agricultural segment continues to experience a decline both in farm prices and farm income. Serious as this decline in farm income is in itself, prospects for the future are even more grave, because, unless reversed, this decline is likely to cause serious repercussions throughout our entire economy.

Today the farmer is caught in a severe price-cost squeeze. The price which he receives for his products are declining, while at the same time the costs of the goods which he must purchase are rising. While I recognize that this is a problem which must be met on every front possible, and that the pending bill is only a step in the right direction, the bill is a beginning and will reduce the farmer's operating costs in the amount of \$60 million by relieving him from the gasoline, diesel fuel, and special motor fuels excise tax in his farming operations.

On January 16, 1956, I introduced H. R. 8461 which would provide relief for farmers who have a gross income of \$10,000 or less by way of an optional stand-

ard deduction. H. R. 8461 would benefit many of these low-income farmers whether or not they own machinery which uses gasoline and special motor fuels. I have requested that reports on my bill from the Department of Agriculture and the Treasury Department be expedited. It is my hope that these reports will be favorable and that we can provide additional tax relief for low-income farmers along these lines.

The pending bill would grant a refund directly to the farmer of the tax paid on gasoline used:

First, in carrying on trade or business; second, on farms in the United States; third, for farming purposes. The definition of "farm" used in the bill is the same as that presently found in the Internal Revenue Code with respect to the Federal Insurance Contributions Act. The term "farming purposes" is also defined in the bill and includes use by any person in connection with cultivation of the soil, or the raising or harvesting of agricultural or horticultural commodities, including the raising, shearing, feeding, caring for, training and management of livestock, bees, poultry, and fur-bearing animals, and wildlife.

In addition, the bill provides relief in the case of diesel fuel and special motor fuels, such as propane, butane, and hot tractor fuel used on a farm for farming purposes. Present law already provides that the tax on diesel fuel is to apply only when such fuel is used in highway vehicles. The pending bill would exempt diesel fuel used in highway vehicles where such vehicles are used on a farm for farming purposes. With respect to special motor fuels, present law provides that the tax is to be imposed only when the fuel is used in a motor vehicle, motorboat or airplane. The pending bill provides an exemption for such use on a farm for farming purposes.

In the case of diesel fuel and special motor fuels which have been sold tax-paid, provision is made for credit or refund when such fuels are used on a farm for farming purposes.

Mr. Speaker, although this bill is by no means a full answer to the plight in which farmers find themselves today, it will relieve them from some of their costs. The bill was reported unanimously on a rollcall vote by our committee. I urge that it be enacted.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. As I understand it, this was one of the recommendations of the President?

Mr. COOPER. The gentleman is correct.

Mr. McCORMACK. I also understand that the gentleman from Florida [Mr. HERLONG] introduced a similar bill, a bill to accomplish the same purpose in March of 1955?

Mr. COOPER. That is correct. Quite a number of other bills were introduced along the same line in the last session.

Mr. McCORMACK. Can the gentleman advise us if a report was requested of the Treasury Department on the Herlong bill and the other bills?

Mr. COOPER. Yes, that is my recollection. I can also state to the gentleman that the administration opposed it the last session.

Mr. McCORMACK. In other words, it is another conversion?

Mr. COOPER. Apparently so. The administration took the position all last year that the administration would oppose any excise tax changes that resulted in any loss of revenue. Of course this bill will lose \$60 million of revenue, so the administration was opposed to it all last year. But this year in his agricultural message to Congress the President recommended it and the administration is now supporting the pending bill.

Mr. MARTIN. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Massachusetts.

Mr. MARTIN. It is equally true that this tax was put into effect in 1932, and that for 20 years no effort was made by the Democrats who controlled Congress most of the time to remove it. Therefore, we must believe that they also have had a conversion when they now bring the bill in at this time.

Mr. COOPER. Of course it was continued during the 80th Republican Congress.

Mr. MARTIN. There were other conversions besides any change on the part of the Republicans.

Mr. COOPER. During the entire 3 years of Mr. Eisenhower's administration it has been continued, and has continued up until now.

Mr. MARTIN. And in 20 years of Democratic administration.

Mr. COOPER. And all the time you have been in power.

Mr. MARTIN. And all the time you have been in power also.

Mr. REED of New York. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, this bill, H. R. 8780, carries out President Eisenhower's recommendation that farmers be relieved of the burden of the present Federal excise tax on gasoline when used in tractors, trucks, and other farm equipment for agricultural purposes. The bill also extends relief in the case of diesel and other special motor fuels. It was reported unanimously by the Committee on Ways and Means. An identical bill was introduced by myself at the same time as that now before the House.

I do not consider this to be a tax-reduction measure, but an act of simple equity designed to correct a longstanding injustice against the American farmer. These Federal excises merely serve to increase the farmer's production costs. In so doing they add materially to the severe price-cost squeeze from which, in the words of President Eisenhower, "our farm people, with the help of government, must be relieved."

Of course, it is true that the farmer today can deduct, in computing his income taxes, these Federal excises to the extent that they are business expenses. By this means he is partially relieved of their burden. Unfortunately this relief varies widely between different taxpayers. The average small farmer with only a small taxable income gets very little benefit

from the deduction. The farmer who does not have enough income to be subject to the income tax at all gets absolutely no benefit whatsoever. This bill will correct this discrimination and will relieve all farmers of this burden.

Congress will again consider this session a highway program. It has been widely proposed that the cost of this program be met, at least in part, by increased taxes on gasoline. In my opinion, it would be unconscionable for non-highway farm operations to be forced to share this burden when such operations would receive no benefit from the program. I consider this to be an important reason for prompt action on this bill.

The bill provides in effect that refunds are to be paid to purchasers of gasoline used on a farm for farming purposes. Under present tax rates, this refund will be 2 cents a gallon, the amount of the Federal gasoline tax. The refunds will be paid annually on the basis of claims filed after June 30 with respect to the preceding 12 months. The farmer will file his claim with the Internal Revenue Service and will have until September 30 to do so. Refunds claimed after this coming June 30 will only be for taxes paid on gasoline purchased during the first 6 months of 1956.

I had hoped that a system could be worked out so that farmers could be exempt from the tax at the time they purchase the gasoline rather than requiring the more cumbersome procedure of paying the tax and then claiming a refund. However, it proved impossible to work out such a plan. Practically all States use a refund procedure such as our committee bill provides.

Finally, I should point out that the bill does not relieve farmers of the Federal tax on lubricating oils. My original bill did provide such relief. However, we discovered that the exemption of lubricating oils would mean such a small saving to the average farmer that the exemption would not be worth while in view of the bookkeeping headaches involved.

Mr. Speaker, I believe that the Committee on Ways and Means is to be congratulated for its prompt action on this recommendation of President Eisenhower.

(Mr. REED of New York asked and was given permission to revise and extend his remarks.)

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. AUGUST H. ANDRESEN. I strongly favor the passage of this bill, H. R. 8780, which carries out the recommendation of the President to provide for a refund of the Federal gasoline tax to farmers who use gasoline for non-highway purposes. I wish to commend the Ways and Means Committee for its prompt action in reporting a bill. The Committee on Agriculture, of which I am a member, unanimously urged the Ways and Means Committee to report this bill and I am very glad that such action was taken. It is my hope that the House of Representatives will report this bill today and that it soon may be enacted into law in order to relieve our farmers from

paying the Federal tax on gasoline used for nonhighway purposes.

Mr. REED of New York. Thank you, sir, very much.

Mr. PELLY. Mr. Speaker, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. PELLY. Can the gentleman tell us if the budget has allowed for this loss of \$60 million in revenue?

Mr. REED of New York. Oh, yes, they have allowed for that.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. GROSS. Mr. Speaker, I want to associate myself with the statement made by the gentleman from New York that this is not necessarily tax relief, but rather the correction of a tax inequity and an injustice upon the farmers of this country. Further, I want to say that if anyone entertains the idea that this is a real correction of the economic situation which confronts the farmers of the Nation, they are just as wrong as they can be. This may be helpful, but it does not correct the serious economic situation that has been permitted to overwhelm the American farmer.

Mr. REED of New York. But it does help.

Mr. GROSS. It does help, and I certainly support this legislation.

Mr. COOPER. Mr. Speaker, I yield such time as he may desire to the gentleman from Rhode Island [Mr. FORAND].

Mr. FORAND. Mr. Speaker, our colleague, the gentleman from North Carolina [Mr. FOUNTAIN] is absent because of official business. He has requested me to state to the House that he is strongly in favor of the bill, H. R. 8780, and if he were able to be present today, he would vote for it.

Mr. COOPER. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. KARSTEN].

(Mr. KARSTEN asked and was given permission to revise and extend his remarks.)

Mr. KARSTEN. Mr. Speaker, it will be my purpose this afternoon to support passage of H. R. 8780, a bill to relieve farmers of the burden of the Federal excise taxes imposed on gasoline and special motor fuels used on farms for farming purposes.

This legislation is expected to result in a revenue loss to the Federal Treasury of \$60 million annually. When it is considered that 5 million claims for refund are expected to be filed pursuant to this legislation, a simple mathematical computation will indicate that the average weekly tax relief that the individual American farmer would realize from this measure is in the neighborhood of 23 cents.

This pittance that is being doled out to the American farmer upon the recommendation of the Republican administration is opposed to the billions of dollars in tax relief granted to corporations and high income taxpayers during the Republican 83d Congress, and the billions of dollars lost to our farmers in income under Republican mismanagement. It may be that Secretary Humphrey would have the Congress designate

this 23 cents per week tax relief as the "administration's Revenue Act of 1956."

Because the revenue implications with respect to each farmer was so small, I proposed in lieu of the proposed refund that a \$10 tax credit be adopted for each American farmer. My proposal would have assured equal distribution of this pittance in tax relief as opposed to the present result that will likely occur whereby the small farmer will receive little or nothing and the big farmer will reap the principal tax benefits.

Mr. Speaker, I suggest that this not be the last tax relief legislation to be brought before the second session of the 84th Congress. The American farmer, indeed, all Americans who work for their livelihood, require tax reduction soon. Such tax reduction legislation must be equitable in principle and grant the bulk of the relief to our low income taxpayers who were so neglected in the Republican 83d Congress. I suggest that such tax relief could do much not only to raise the standard of living of our average American citizen, but it would also assist materially in the elimination of crop surpluses and other economic ills confronting our American farmer.

I urge my colleagues in the House to join with me in supporting the enactment of H. R. 8780.

In closing I would like to compliment the distinguished chairman of our committee, the Honorable JERE COOPER, of Tennessee, and my colleague on the committee, for the able work they have done in preparing this legislation for House consideration.

Mr. REED of New York. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Speaker, I think the farmers of the country can feel proud of the fact that the House of Representatives has almost unanimously come to the conclusion that the farmers have a just cause in their request to have the gasoline tax removed from gasoline used on the farm for farming purposes.

That the Congress has almost come to the conclusion to pass this bill is almost proved by the fact that this bill is brought up under a suspension of the rules. Everybody familiar with the rules of this House knows that when a bill is brought up under a request for a suspension of the rules that that means that there is practically no opposition to it.

All of us who know anything about the farm problem know that we have come to a place where we can now say something definite to the farmers and something that they can understand.

The President, in his agriculture message a short time ago, emphatically endorsed this program, and told us what to do about it. The same day that the President made his speech I introduced a bill providing for a reduction of 2 cents a gallon on gasoline used by farmers on their farms. This will amount to a reduction of \$60 million. The farmers will appreciate this immensely.

I am proud that the Democrats have rallied behind this recommendation of the President and that we, the Republicans and the Democrats of the Ways and Means Committee, working together,

have voted out this bill. Sixty million dollars is a large amount of money, but it is not a lot of money when it is divided among thousands of law-abiding farmers all over this Nation.

This bill is going to be difficult to administer in several ways, but, on the whole, it will become easy of administration. Practically all of the States now have laws giving farmers freedom from paying a tax on gasoline now being used on the farms.

The farmers in States that now collect the tax on gasoline used on the farms will find that this bill that we are considering today will be administered much as a State law is now being administered. They are going to have to pay the Federal tax just as they now pay the State tax. This bill does not do away with the system of paying, and they are going to get a reduction. They will have to pay until the 30th of June, and then they will have until September to file a claim for a reduction. I would say to the farmers that this is going to be a proposition that will be just as fair as their State law. I think it is a well recognized fact that our farmers are as honest as any class of our people.

We have put into this bill the best that we could find available. We have put into it the experience of the finest experts of the country and we are giving the farmers something that they have to take care of. If they cooperate it will be to their advantage. If they resist this legislation it will be to their disadvantage.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to my chairman.

Mr. COOPER. I am sure the gentleman will recall that we used the assistance of about 25 experts in our committee in trying to work this out on the best basis we possibly could.

Mr. JENKINS. Yes. I am glad to have the concurrence of our distinguished chairman in that respect.

I leave this with you my colleagues. If you were to take any advice from me, it would be that you get a copy of this report. It is well written and well prepared. I think we are giving the farmers of this country a chance to get a \$60 million rebate in taxes, and I am sure that they will not abuse it. If there is anybody in this country who is a fine, upstanding, law-abiding class of people, it is the farmers. It was brought up on a farm myself. So I advise all farmers to observe the law and they will find it greatly to their advantage.

The SPEAKER. The time of the gentleman from Ohio has expired.

(Mr. JENKINS asked and was granted permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. ARENDS].

Mr. ARENDS. Mr. Speaker, like many of my colleagues, I am very happy that this legislation is before us today. I am sure it will be passed expeditiously. I compliment the committee for its prompt consideration of the bill to relieve the farmers of this tax obligation

in their farm operations. This bill is an affirmative step which will be of material help and assistance to them.

One fact I want to mention is that in my own State of Illinois where we have such an exemption from State tax on gasoline, the program has worked out exceedingly well. There has been no chiseling and no effort on the part of anyone to try to take advantage of the exemption. I see no reason why such should not be the case in the matter of this Federal tax exemption.

Another pleasing thing to me is that this measure comes before us without political maneuvering. True, there has been a little political bantering here this morning about this bill, but this bill was brought out in a nonpartisan fashion for the benefit of agriculture as a whole in this country.

I sincerely hope speedy action is taken on all recommendations of the President for the welfare of our farmers. Let us act on the rest of these recommendations for our American farmers in the same cooperative and nonpartisan spirit we have considered this bill.

Mr. BATES. Mr. Speaker, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Massachusetts.

Mr. BATES. Mr. Speaker, I wish to ask a question of the chairman of the committee. I understand that fishermen are exempt on motor fuels. However, on page 11 of the committee report, under section 6416, it states that such fuels are taxable. Can the gentleman advise me under what section fishermen are exempt?

Mr. COOPER. I call the gentleman's attention to the fact that section 4222 of the Internal Revenue Code exempts them.

Mr. MORANO. Mr. Speaker, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. MORANO. Does that exemption include oystermen and their boats?

Mr. COOPER. I call the gentleman's attention to the fact that the language reads "Fuel supply." It is my understanding it does include gasoline. The title of the section is: "Exemption from tax of certain supplies for vessels and airplanes."

Mr. REED of New York. Mr. Speaker, I yield 1 minute to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks in colloquy with the gentleman from New York [Mr. REED].)

Mr. REED of New York. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Speaker, there is no doubt that the farmer today is caught in a severe price-cost squeeze. In recent years the prices farmers have received for farm produce have been declining while the costs of articles he must buy have been rising.

One of the most important domestic problems facing Congress at the present time is to help the farmer meet this situation.

This problem must be met on several fronts. One of the ways in which it

could me bet is to repeal the 2 cents per gallon tax presently imposed on the gasoline the farmer uses on his farm. H. R. 8780 reduces the farmer's operating cost by removing the taxes in the case of gasoline and special fuels used by the farmers but in both cases only with respect to the use on farms for farming purposes.

I do not see how any economic group could object to this proposed legislation.

When the original 2 cents per gallon tax was imposed for Federal assistance to States in the construction of highways, it was assumed that the drivers over these highways would pay the tax. The farmer was the one single large economic group that was penalized by the imposition of this tax who was not actually using the highways. He has been taxed all these years in the use of gasoline and special fuels which had no connection with highways. He will continue to be taxed for gasoline actually used on highways and not connected with farm operations. In this respect he will pay exactly the same tax as any other user of highways.

Refunds will be paid to the farmer on gasoline only where used in carrying on a trade or business on a farm in the United States, and for farming purposes. The term "farm" as used in this legislation is defined as including stock, dairy, poultry, fruit, truck-farms, plantations, ranches, or other similar uses primarily for the raising of agricultural commodities. The term "farming purposes" is also well defined. It includes the use by any person in connection with the cultivation of the soil, or the raising or harvesting of agricultural or horticultural commodities, including the raising, sheering, feeding, caring for, training, and management of livestock, poultry, and wildlife.

Section 2 of the bill also provides relief for diesel fuel and special motor fuels such as propane, butane, and so forth, including what is sometimes referred to as hot tractor fuel. Provision is made for credits or refunds with respect to diesel fuel and special motor fuels that have been sold tax-paid. This refund is obtained by taking the claim to the person making the first tax-paid sale.

I believe this is good legislation. It is estimated that this will provide farmers with approximately \$60 million of tax relief this year. This tax relief is badly needed and I believe will be of some assistance to the farmer who has been badly pressed in the price-cost squeeze that I have previously mentioned.

I trust this bill will pass. As my good friends from the city know, we have in past years assisted economically pressed other groups with tax legislation where it would stimulate and expand industry to employ more people. This legislation for the farmer accomplishes some of the things that have been undertaken for other economic groups in other times.

I come from a large agricultural area. I have talked with farmers this year. They are not seeking any advantage but only something that in all fairness they are entitled.

(Mr. SPRINGER asked and was given permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Speaker, I yield 1 minute to the gentleman from Arizona [Mr. RHODES].

Mr. RHODES of Arizona. Mr. Speaker, I want to ask a question of the chairman of the committee: Mr. Chairman, in my district citrus growers use gasoline powered wind machines for frost protection. I am wondering whether under the terms of this bill such use of gasoline will be exempt from this tax.

Mr. COOPER. That is carried under the bill.

Mr. REED of New York. Mr. Speaker, I yield one minute to the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

Mr. H. CARL ANDERSEN. Mr. Speaker, I think this action is long overdue and I would like to compliment the members of the Ways and Means Committee on both sides of the aisle for bringing this bill to the floor. I am much pleased to see the Congress act so promptly on one of the important recommendations contained in President Eisenhower's agriculture message of January 9, 1956.

Mr. REED of New York. Mr. Speaker, I yield such time as he may desire to the gentleman from North Dakota, [Mr. BURDICK].

Mr. BURDICK. Mr. Speaker, I am in favor of the pending bill that will save some expense to the farmers. I am delighted to know of the nonpartisan action of the two great parties in the United States coming together on this occasion and giving each farmer in America \$8.60.

The recommendation by the President that Congress take off the tax that farmers pay on gasoline to run their machinery has caused a lot of criticism in some quarters, as it is claimed that this is a positive exemption of the farmers from a tax which everybody should pay.

Let us examine this situation. The gas tax in the first place was passed for the direct purpose of building roads. When a farmer buys gas to propel his auto and uses the roads, he is paying just as everybody else pays, but when we tax him for gas to operate farm machinery, it has nothing to do with roads, and therefore the purpose of this tax on tractor gas disappears. It is only justice that this unfairness be remedied.

Secondly, everything the farmer buys has gone up tremendously in the last few years, and yet what he has to sell has gone down. If the farmers could use their dollar to buy a dollar's worth of goods, there would be no call for support prices; farmers would be satisfied with the present farm prices if the dollar they get would be the value of anyone's dollar; but when the farmer's dollar in the market has been so discounted that it takes three of his dollars to match a dollar in the price of necessary material and machinery, the farmer asks that some form of parity between these two extremes be established. Taking off the tax on gasoline for tractor use will help some, but not enough to bring about parity.

No friend of agriculture ought to object to taking off this tax, and those who are now objecting would see, if they

thought a moment, that the taking off of this tax is the just thing to do. The tax on tractor gas used by farmers has constructed thousands of miles of road which their tractors never use.

Mr. REED of New York. Mr. Speaker, I yield such time as he may desire to the gentleman from Kansas [Mr. REES].

RELIEF FROM TAXES ON GASOLINE AND SPECIAL FUELS USED ON FARMS IS FAIR AND EQUITABLE

Mr. REES of Kansas. Mr. Speaker, the bill before us today is similar to a bill I introduced in this House almost a year ago. I am glad to know the committee has seen fit to submit this proposed legislation, the approval of which is long past due. The measure is fair; it is equitable.

Other nonhighway users of gasoline, including airplanes and motorboats, are exempt from taxes on gasoline and diesel fuel. Certainly the farmer who uses gasoline and diesel fuel to operate his farm equipment is entitled to similar treatment.

It is generally understood that gasoline tax, whether State or Federal, is intended for the use of building and improving our highways. This legislation will relieve the farmers of our country of a tax that heretofore has been inequitable and really unfair.

I am glad to have had a part in securing the approval of this legislation in the House. I trust there will be no delay in securing its final approval. I am sure the farmers will appreciate this tax relief amounting to approximately \$70 million.

Mr. REED of New York. Mr. Speaker, I yield such time as he may desire to the gentleman from South Dakota [Mr. LOVRE].

Mr. LOVRE. Mr. Speaker, I rise in support of the bill now under consideration and at this time should like to call attention to the fact that the first official action taken by the Committee on Agriculture of the House in the 2d session of the 84th Congress was to recommend to the Committee on Ways and Means that a bill such as the one we have now under consideration be passed as quickly as possible. So once again I want to thank the committee for its prompt attention.

Mr. REED of New York. Mr. Speaker, I yield such time as he may desire to the gentleman from Iowa [Mr. DOLLIVER].

Mr. DOLLIVER. Mr. Speaker, I have a rather personal interest in the pending legislation since I introduced a similar bill in 1953. I reintroduced the same bill in 1955, in the first session of the present 84th Congress, which bill was referred to the Ways and Means Committee for consideration.

This bill has the especial merit that the provisions are retroactive to December 31, 1955. Farmers entitled to a refund can secure the money upon filing their claim with their Internal Revenue Office between July 1 and September 1, 1956. It will put a little money in the pocket of the farmer during the present crop year.

My mail reflects the unanimous support that comes for this measure from the grass roots of the country. All of the farmers are in favor of this legisla-

tion. I have received no communication voicing objection to it.

I heartily commend the committee for bringing in this bill and it ought to pass unanimously. Its favorable consideration augurs well for the development of a good and workable legislative program before the final adjournment of the 84th Congress.

Mr. COOPER. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. CHRISTOPHER].

(Mr. CHRISTOPHER asked and was given permission to revise and extend his remarks.)

Mr. CHRISTOPHER. Mr. Speaker, of course, I am in favor of H. R. 8780 and if there is a rollcall vote I shall vote for the bill. However, it is a very weak gesture in the right direction.

The Republican administration now in control of the executive branch of the Government should be very proud of this. The Republican administration during the 3 years it has been in power has cost the American farmer \$14 billion in loss of income and loss of inventory value. Now, through the President, they propose to give back \$60 million to the farmers. If I cast up the figures on that and if I am not very much in error \$60 million is only four-tenths of 1 percent of the \$14 billion that this administration has cost the American farmers. It is equivalent to taking a hundred dollars out of their pockets and then turning around 2 or 3 times and saying "Here is 40 cents back. Does not that show I have been your lifelong friend?"

It reminds me of an old farm story I heard of a farmer who drove to town 10 miles with his wife and 11 children sitting on the hay in the old farm wagon. When they got to town the children were saying, "Daddy, we are hungry, we are hungry." So the old farmer went into the grocery store and bought six bananas. He brought them out to the wagon, peeled them, cut them in half, and gave his wife and 11 children a half banana apiece and said: "Now, you blankety-blanks, eat until you bust."

This piece of legislation reminds me of that story. Of course, it will help. But the 2 cents a gallon for gasoline that the farmers use when they are facing foreclosure and the inability to pay their debts all over the United States is the best example I have ever seen in my life of coming with too little and getting there too late.

Mr. HOEVEN. Mr. Speaker, I am pleased to see this part of President Eisenhower's program for American agriculture presented to the House so early in the session. I have wholeheartedly supported this legislation from its inception and feel it will give some lift to our distressed farm population. In fact, it will return some \$60 million to the pockets of the American farmer. I shall vote for the bill and hope it passes the House unanimously.

Mr. DENTON. Mr. Speaker, I am stongly in favor of H. R. 8780, to amend the Internal Revenue Code to relieve farmers from the Federal excise tax on gasoline.

During the past two years, I have attended a number of meetings of farmers in my district, and the question invariably came up: "Why are we required to pay the Federal tax on gasoline used in our farm equipment?" They pointed out that the State of Indiana gave a refund to farmers on the State tax that they paid on gasoline used for this purpose, and that it would be only fair if the Federal Government would do the same.

I concluded they were absolutely right, and, for that reason, on March 10, 1955, I introduced H. R. 4795, which provided that the farmer should receive a refund on the Federal tax paid on gasoline used in his farming equipment.

When the Federal gasoline tax was first enacted, farmers were not nearly so mechanized as they are today. Now, farmers use a great variety of motor-driven equipment and buy gasoline to operate this equipment. They are obliged to pay a tax on this fuel just as though the equipment were to be used on the highway, when it is not.

The purpose of the gasoline tax is to require the people who use the roads to pay for their construction, maintenance and upkeep. Practically all transportation on the highways is mechanized, and, by levying this tax on motor-driven highway vehicles, the people who use the roads can be required to pay for them. For the same reason, it is unfair to require the farmer to pay a gasoline tax, which is a road tax, on the gasoline used in equipment on his farm.

The farmers probably felt this tax more keenly at the times I talked with them during this last year because of their present economic plight. The measure now before the House will give the farmer a small measure of relief, but I hope that still further legislation will be enacted which give him more substantial aid in his present financial difficulties.

Mr. FLYNT. Mr. Speaker, I rise in support of the motion to suspend the rules and pass H. R. 8780, which is a bill to amend the Internal Revenue Code to provide for refunds of gasoline tax paid on gasoline which is used for nonhighway purposes.

The theory of the gasoline tax is and has been that it is levied to provide the means for Federal participation and construction and maintenance of highways. Therefore, it is reasonable to assume that the burden of this tax should be borne by those who use the highways of our Nation. Throughout the United States, including the district and the State which I have the honor to represent, there are many users of gasoline who use varying amounts of gasoline they purchase in farm tractors, track type vehicles, sawmills, harvesting machines and similar farm and industrial equipment.

For a number of years, many States, including the State of Georgia, in their wisdom and judgment, have seen fit to provide for a refund of all or part of the gasoline tax on gasoline which these non-highway vehicles use.

I have felt that Federal action on this subject is long overdue and I am glad to support this bill today and this motion to suspend the rules and pass it by a two-thirds vote.

Mr. Speaker, I would like to close by adding this note of caution—that this bill is designed to provide a much needed relief. It is not designed to provide a means of defrauding the Government. When this bill becomes law, I hope and expect that the Internal Revenue Service will take the proper measures to see that no portion of gasoline used for highway purposes will be made the subject of a tax refund. If and when abuses of this provision of law are made, I hope and I expect that proper action will be taken against offenders and violators.

I urge a suspension of the rules and passage of H. R. 8780.

Mr. MILLS. Mr. Speaker, as the distinguished chairman of the House Committee on Ways and Means has explained to us, H. R. 8780 would amend the Internal Revenue Code to provide the refund of Federal excise taxes on gasoline to farmers for gasoline used on their farms for farming purposes, and to provide an exemption from the Federal excises imposed on special motor fuels used under similar circumstances. The members of the Committee on Ways and Means have unanimously reported this legislation to the House.

It is estimated that this measure will provide approximately \$60 million in tax relief to farmers each year. However, when it is realized that the Treasury Department expects 5 million claims for refund to be filed, pursuant to these amendments to the Internal Revenue Code, the average farmer will not realize great financial benefit from this administration-endorsed tax relief. However, because this proposed tax relief moves in the desired direction of reducing farm operating costs, I am happy to support its enactment.

The administration of these amendments to the Internal Revenue Code by the Treasury Department and the Internal Revenue Service will undoubtedly pose many problems. In my view, they are problems that can be overcome by informed judgment and wisely-prepared regulations. It is my hope that in issuing regulations pursuant to these amendments the Treasury Department will consult with interested farm groups to assure that such regulations are prepared in such a way as to provide for the proper administration of the provisions without providing undue record-keeping burdens on our farm population.

In citing the existence of administrative problems that will arise under the adoption of these amendments to the Internal Revenue Code, I would like to call the attention of the membership of the House to a statement made by a Treasury official in testifying before a subcommittee of the House Committee on Ways and Means last October. The Subcommittee on Excise Tax Technical and Administrative Problems was receiving testimony on matters within its jurisdiction from Treasury officials, and on the question of granting an exemption from the Federal excise tax on gasoline these officials expressed the following views:

I outlined for the benefit of the committee at that time the administrative difficulties that exemptions generally give the Service and expressed some concern over the control

problems that would be attendant upon an exemption that might be accorded to farmers in the case of the gasoline tax where you were dealing with literally millions of gallons of gasoline each year. I also outlined for the committee the exemption certificate problem, which is burdensome, of course, not only to the Revenue Service but to the taxpayers as well.

While I believe that we have eliminated some of the administrative problems by granting a refund procedure rather than an exemption procedure, I suggest that many such problems still exist and express the hope that the Treasury Department has plans for meeting them.

In view of the fact that the chairman of the Committee on Ways and Means has so ably described the provisions of the bill, I will not undertake to deal specifically with each section of H. R. 8780. However, there are two features of the legislation that I would like to call to the attention of my colleagues in the House. The first of these features pertains to the civil penalty provisions for excessive claims for refund. These civil penalties provided in the bill would impose a penalty of two times of the excessive amount claimed, but not less than \$10 in the case of excessive claims that cannot be shown to be due to reasonable cause. It was the opinion of the members of the Committee on Ways and Means that the civil penalties applicable in this case should not be unduly severe in view of the small amounts of refund that will be generally involved and in view of the lack of experience with the provision. Of course, the customary criminal penalties will be applicable in the case of fraudulent claims.

The second feature of the bill that I would like to call to the House's attention relates to the collection of excessive refunds erroneously paid and the collection of any civil penalty that might be imposed. The bill provides that any amount due the Government resulting from either of the aforementioned causes may be assessed and collected as if it were a tax imposed by section 4081 of the code and as if the person who made the claim were liable for such tax. This provision will relieve the Government of the requirement that suit be brought in order to recover any such amount that is owing to the Federal Government.

Mr. Speaker, I have no illusions that this tax relief will be equally available to all farmers. Neither do I anticipate that it will provide a solution to the grave problems confronting our farm economy. I believe it is incumbent upon the Congress as the elected representatives of the people to seek out effective and practical methods whereby the farmer can have restored to him a more equitable portion of our national income. For leadership in that endeavor, we must look to the two great Agricultural Committees of the Congress. It is my hope that before too many months have passed the Congress will have an opportunity to approve legislation that will give encouragement, incentive, and economic promise to our American farm population. In the meantime, I urge my colleagues in the House to support the adoption of H. R. 8780.

Mr. EVINS. Mr. Speaker, in the President's message to the Congress on

farm problems and the need for additional farm legislation, the specific recommendation was made to lift the Federal excise tax on gasoline used on the farm for farming purposes.

My distinguished colleague, the chairman of the Ways and Means Committee the gentleman from Tennessee [Mr. COOPER] immediately introduced legislation to relieve the farmers in this regard—however, broadening his bill in order to include in this needed exemption not only tractors, trucks, and similar farm machinery but also to include every possible other source of exemption.

I favor and support this bill—it is only a small step in the direction of giving assistance to the farmers of the Nation—but, under the conditions prevailing, it certainly is a welcome step.

The larger problem remains of writing a bill to deal properly and satisfactorily with the overall farm situation. General relief and a solution to the present situation is vital and remains the major problem. I welcome this—the present step—and commend the chairman and members of the committee for its speedy action to provide relief in this connection.

Mr. HENDERSON. Mr. Speaker, H. R. 8780, when enacted, will provide for a savings of approximately \$60 million for the farmers of this country by permitting them to obtain refunds of the Federal gasoline tax on all gasoline used by them in the operation of their farms. My State of Ohio has long exempted its farmers from the payment of the Ohio gasoline tax. Such tax relief has met with favor where the exemption privilege is properly used.

I am especially pleased that this legislation is receiving consideration today because it provides for the enactment of legislation similar to that embodied in H. R. 8683 which I introduced several weeks ago. The bill I introduced provided for exempting the farmer from the payment of the tax at the time of purchase and eliminated the necessity for filling out complicated forms. The bill before us today provides for payment of the tax at time of purchase. The farmer may apply for a refund for the gasoline used exclusively on the farm. Such procedure is designed to prevent abuses of the privilege. Such abuses might occur, but I regret that it is necessary to complicate this measure of relief by making it difficult to obtain the refund.

Mr. Speaker, this legislation marks the first step in enacting President Eisenhower's farm program. I am pleased to see that it is receiving the overwhelming support of my colleagues on both sides of the aisle. I hope that with this as a beginning, the Congress will proceed toward the speedy enactment of additional items in the President's agriculture program.

Mr. QUIGLEY. Mr. Speaker, I endorse this bill and recommend its enactment. H. R. 8780 accomplishes the purposes embodied in a bill, H. R. 5136, introduced by me on March 22, 1955.

This measure is one which will give equity to farmers. My only regret is that it has required an agricultural crisis to bring endorsement by the administration.

Mr. MCGREGOR. Mr. Speaker, I am most happy to add my support and vote to H. R. 8780 which relieves farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes. I was most happy when President Eisenhower in his state of the Union message insisted that the Congress pass this legislation immediately and bring some semblance of relief to the farmers.

I sincerely hope that the Agriculture Committee will start hearings immediately on the other portions of the President's recommendations to give relief to agriculture groups. I hope that the committee will forget politics and recognize that the farmers need immediate help. I feel certain that this Congress is in accord with most of the President's recommendations to give immediate relief to the agriculture people.

Mr. O'HARA of Minnesota. Mr. Speaker, it is my intention to support H. R. 8780 and to vote for its passage. The time is long past due for making exempt from the Federal gasoline tax, the gasoline that is used solely on the farm for farm purposes, and I am glad to see that President Eisenhower's recommendation for removal of this tax has been so promptly acted upon by the Ways and Means Committee.

It is true that the amounts may not be large, but at this time with the farm situation what it is, it will be of help to the average farmer.

I sincerely hope further and greater consideration will be given to the other farm problems by the Congress in the near future.

Mrs. FRANCES P. BOLTON. Mr. Speaker, may I take this opportunity to express my strong support of H. R. 8780, the bill before us to relieve farmers of the burden of the Federal excise tax on gasoline and special fuels used on farms for farming purposes.

For the past several years, the farmer has seen the prices of everything he produces decline, whereas the costs of the articles he must buy have been steadily rising. But there is a way we can help him. This is by giving him relief from the 2 cents a gallon tax presently imposed on the gasoline he uses on his farm, as provided in H. R. 8780.

This bill provides also for annual refunds payable directly to the farmer for the Federal tax he pays on the gasoline and special fuels he uses for farming purposes. Adequate safeguards are provided against excessive claims by section 3 of the bill. Should a claim for a gasoline refund be excessive, a civil penalty may be imposed unless it can be shown that the claim for the excessive amount is due to reasonable cause.

Mr. Speaker, although I have very few farmers in my present district, I do sympathize with the farmer whose problems are many. I hope sincerely that the rules will be suspended and H. R. 8780 passed.

Mr. COOPER. Mr. Speaker, I have no further requests for time.

The SPEAKER. The question is on suspending the rules and passing the bill.

Mr. COOPER. Mr. Speaker, on that I demand the yeas and nays and I ask unanimous consent that further con-

sideration of the bill be carried over until tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

COMMITTEE ON UN-AMERICAN ACTIVITIES

Mr. BURLESON. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 352) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That, effective January 3, 1956, expenses of conducting the investigations authorized by section 17 of rule XI of the Rules of the House of Representatives, incurred by the Committee on Un-American Activities, acting as a whole or by subcommittee, not to exceed \$275,000, including expenditures for employment of such experts, special counsel, investigators, and such clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by said committee and signed by the chairman of the committee, and approved by the Committee on House Administration.

Sec. 2. That the official stenographers to committees may be used at all hearings, if not otherwise officially engaged.

The SPEAKER. The question is on the resolution.

Mr. JACKSON. Mr. Speaker, on that I demand the yeas and nays.

Mr. COOPER. Mr. Speaker, I ask unanimous consent that further consideration of the resolution be carried over until tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

COMMITTEE ON THE JUDICIARY

Mr. BURLESON. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 355) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the expenses of further conducting the studies and investigations authorized by House Resolution 22 of the 84th Congress, incurred by the Committee on the Judiciary, acting as a whole or by subcommittee, not to exceed \$125,000, including expenditures for the employment of experts, special counsel, clerical, stenographic, and other assistants, and all expenses necessary for travel and subsistence incurred by members and employees while engaged in the activities of the committee or any subcommittee thereof, shall be paid out of the contingent fund of the House on vouchers authorized by such committee and approved by the Committee on House Administration.

With the following committee amendment:

Page 1, line 5, strike out "\$125,000" and insert "\$100,000."

The committee amendment was agreed to.

The resolution was agreed to, and a motion to reconsider was laid on the table.

COMMITTEE ON HOUSE ADMINISTRATION

Mr. BURLISON. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 359) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That, in carrying out its duties during the 84th Congress, the Committee on House Administration is authorized to incur such expenses (not in excess of \$10,000) as it deems advisable. Such expenses shall be paid out of the contingent fund of the House on vouchers authorized and approved by such committee, and signed by the chairman thereof.

Mr. MARTIN. Mr. Speaker, if the gentleman will yield, I understand this money is needed for a survey that the committee desires to make relative to various activities.

Mr. BURLISON. As a matter of fact, it is very doubtful that the Committee on House Administration will need these funds to any greater extent than the payment of telephone and telegram services. However, it is anticipated that a subcommittee on campaign expenditures will be selected within the Committee on House Administration. The gentleman will recall that for some years this special committee has been outside the Committee on House Administration. We propose that the subcommittee shall be a part of the full committee, and therefore we anticipate the possible use of these funds.

Mr. MARTIN. I thank the gentleman.

The SPEAKER. The question is on the resolution.

The resolution was agreed to, and a motion to reconsider was laid on the table.

STATIONERY ALLOWANCE

Mr. BURLISON. Mr. Speaker, by direction of the Committee on House Administration, I ask unanimous consent for the immediate consideration of the bill (H. R. 8787) to provide for a prorated stationery allowance in the case of a Member of the House of Representatives elected for a portion of a term.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the case of any Member of the House of Representatives, Delegate, or Resident Commissioner who is elected for a portion of a term, the amount of stationery allowance which such Member, Delegate, or Resident Commissioner shall be paid shall be an amount, with respect to the year in which he commences his service, which is the same percentage of the total stationery allowance payable for service for all of such year as the number of months of his service in such year (counting the month in which he is elected as one month) is of the total number of months in such year. Such prorated stationery allowance shall be paid from the contingent fund of the House into the revolving fund for stationery allowances established in the eighth paragraph under the heading "Contingent Expenses of the House" under the general heading "House of Representatives" in the Legislative Branch Appropriation Act, 1948.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THE PATTERN OF GATT

The SPEAKER. Under previous order of the House, the gentleman from West Virginia [Mr. BAILEY] is recognized for 40 minutes.

Mr. BAILEY. Mr. Speaker, high on the agenda of Congress for 1956 is the question of United States participation in the Organization for Trade Cooperation, part of the international General Agreement on Tariffs and Trade. Few people in this country are familiar with the mass of documents which make up the General Agreement. Fewer still fully appreciate its effect on the economy of the United States. Here, as an introduction, is a brief review of GATT and a preview of OTC. It is being offered for the information of my colleagues.

The General Agreement on Tariffs and Trade, called GATT, is a sweeping accord provisionally accepted by 35 nations, including the United States, for the regulation of international trade. It affects the market for nearly every product grown, mined, or manufactured in any of the participating nations, from wheat and steel to toy balloons. Decisions taken at GATT headquarters in Geneva can and do control the prosperity of people as far away as the borders of Pakistan—or Middletown, Ohio.

ORIGIN

In 1946 the United Nations Economic and Social Council called a meeting of nations to establish an International Trade Organization. Its purposes were broad—to achieve, by better regulation of international trade, full employment, and rising standards of living throughout the postwar world.

ITO, as the project was called, failed. Nearly every major organization in the United States opposed it. The American Bar Association said:

The charter has more the appearance of a world government constitution than that of a specialized agency of the United Nations.

Among its aims, however, was the liberalization of international trade. This persisted. In 1947, with the United States State Department taking the lead, delegates from 23 nations met in Geneva to negotiate a general reduction of tariffs and work out rules concerning other forms of trade control—quotas, currency restrictions, state trading, and so forth.

GATT was the outcome. By no means simple to begin with, GATT has been extensively amended and revised at subsequent meetings, notably at Annecy, France, in 1949, at Torquay, England, in 1950-51 and again at Geneva in 1955. Three of the original member nations—Syria, Lebanon, and China—have dropped out. Liberia, which was the first and only nation to accept GATT otherwise than provisionally, has also withdrawn. Fifteen others, including Germany and Japan, have joined. The present contracting parties are: Australia, Austria, Belgium, Brazil, Burma, Canada, Ceylon, Chile, Cuba, Czechoslovakia, Denmark, Dominican Republic, Federation of Rhodesia and Nyasaland, Finland, France, Germany, Greece, Haiti, India, Indonesia, Italy, Japan, Luxembourg, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Peru, Sweden, Turkey, Union of

South Africa, United Kingdom, United States of America, and Uruguay.

PATTERN

Contrary to popular impression GATT is rather a collection of documents than one text. It includes:

First. A series of lengthy schedules, one for each country, listing the tariff concessions agreed to by that country.

More than 60,000 concessions have now been negotiated by the participating nations. In GATT language, a "concession" can mean either an actual reduction in rate or a binding—that is, a promise not to change an existing rate.

Most of the concessions granted by the United States represent actual reductions. A great many of those granted by other countries are simple bindings. In a few cases, due to special circumstances, the schedules actually include increases in rates.

Few people in this country outside the State Department have seen a complete set of the schedules. They are bulky, occupying 5 large volumes, with a total of approximately 3,000 pages. Copies may be obtained in the United States only through the international documents service, Columbia University Press, 2960 Broadway, New York 27, N. Y., at \$15 per set.

Second. An elaborate text describing the objectives of GATT and spelling out comprehensive rules, with many complicated exceptions, concerning the regulation of trade in general.

The participating nations, called contracting parties, agree they should conduct their relations in the field of trade and economic endeavor with a view to raising standards of living, insuring full employment and a large and steadily growing volume of real income and effective demand, developing the full uses of the resources of the free world and expanding the production and exchange of goods, and promoting the progressive development of the economies of all the contracting parties.

The contracting parties propose to contribute to these objectives, which reflect the objectives of ITO, by accepting an impressive body of rules. These in general terms provide for the further reduction of tariffs, the elimination of other forms of trade restrictions, and equal treatment by each member country for imports from and exports to other member countries.

But these rules are surrounded by a multitude of exceptions, decisions, waivers, and interpretations. It is impossible to understand the real effect of GATT without examining closely all this supplementary material.

Example 1: Article II flatly requires each member country to treat trade with all other member countries on exactly equal terms. The next section, however, excepts the vast British empire-preference system, the French system of preferences for colonial and former colonial area, the Benelux Customs Union, the special arrangements in effect between the United States and Cuba, and so forth. By a rough estimate, more than half of the trade covered by GATT is affected by these and related exceptions.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued February 1, 1956
For actions of January 31, 1956
84th-2nd, No. 16

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HIGHLIGHTS: Both Houses received from USDA proposed bill to continue ACP. House passed bill to relieve farmers from excise tax on gasoline used on farm. Sen. Kefauver introduced and discussed food stamp bill. Sen. Watkins introduced and discussed bill to provide national seed storage facility.

SENATE

1. CONSERVATION. Both Houses received from this Department a letter recommending legislation to extend ACP for two years. pp. 1406, 1502
2. FLOOD CONTROL. Sen. Kennedy inserted a resolution from the Westfield, Mass., City Council endorsing legislation for the construction of a flood-control dam and reservoir in Littleville, Mass. p. 1406
3. SUGAR. Sen. Lehman submitted and explained two amendments which he intends to propose to H. R. 7030, to amend and extend the Sugar Act of 1948. p. 1416
4. ECONOMICS. Sen. Watkins inserted his statement and an article on the subject of the uncertainty of economic forecasting. p. 1419
5. FORESTS; MINING. Sen. Goldwater defended the actions of the Interior Department in the Al Sarena mining case, and inserted several letters and articles on the matter. p. 1435
6. NATURAL RESOURCES. Sen. Humphrey criticized the natural resource policies of the Interior Department, and inserted a critical letter from four N. Y. conservation leaders. p. 1449

Sen. Neuberger inserted a resolution of the General Federation of Women's Clubs favoring the protection and conservation of our natural resources. p. 1483

7. FOREIGN TRADE. Sen. Butler defended the cargo preference bill as being beneficial to both agriculture and the American Merchant Marine. p. 1471

HOUSE

8. TAXATION. Passed as reported H. R. 8780, to provide for the relief of farmers from the Federal excise tax on gasoline used on the farm, by a roll call vote of 387 yeas to 0 nays. pp. 1486, A980, A985, A1000

9. RECLAMATION. The Interior and Insular Affairs Committee ordered favorably reported with amendment H. R. 1779, to authorize the construction, operation, and maintenance of the Juniper div. of the Wapinitia reclamation project, Ore. p. D73

10. NATIONAL PARKS. The Interior and Insular Affairs Committee ordered favorably reported H. R. 5299, to authorize the establishment of the Virgin Islands National Park. p. D73

ITEMS IN APPENDIX

11. STATEHOOD. Del. Bartlett inserted a newspaper article urging statehood for Alaska and Hawaii. p. A944
12. RESEARCH. Extension of remarks of Rep. Sieminski suggesting the establishment of an agency, "The National Institutes of Agriculture" which would concern itself with research and development within the agricultural field, and inserting Asst. Secretary Peterson's letter providing certain information on this Department's research programs. p. A957
Sen. Goldwater inserted Geo. R. Seidel's, E. I. DuPont Co., recent address "Research and You." p. A949
13. NEWSPRINT. Sen. Wiley inserted his recent address urging an accelerated and expanded program of research and development on newsprint and discussing the program in Wis. p. A959
14. FORESTRY; WILDLIFE. Sen. Neuberger inserted V. L. Fischer's recent address before the Western Forestry Ass'n expressing concern over "various threats to several national parks, wilderness areas, and wildlife refuges". p. A963
15. SURPLUS COMMODITIES. Sen. Kefauver inserted Geo. McLain's, Nat'l Institute of Social Welfare, statement before the Senate Agriculture and Forestry Committee questioning the storage of food and the distribution to other nations rather than the distribution to needy Americans, and stating that "there is no true food surplus; there is only a lack of equitable distribution..." p. A964
16. FAMILY FARM. Sen. Neuberger inserted a newspaper editorial expressing concern for the small family-size farmer and stating that "we seriously question whether the soil bank plan proposed by the Dept. of Agriculture would be of much help to the small operator". p. A965

Resolved, That the General Federation of Women's Clubs urges its member clubs to support legislation providing proper development of highway programs using the scientific skills of highway engineers, landscape architects, and planning boards.

RECESS TO 11 A. M. TOMORROW

Mr. NEUBERGER. Mr. President, pursuant to the order previously adopted, I move that the Senate now stand in recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 5 o'clock and 40 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until

tomorrow, Wednesday, February 1, 1956, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate January 31 (legislative day of January 16), 1956:

COAST AND GEODETIC SURVEY

Subject to qualifications provided by law, the following for permanent appointment to the grade indicated in the Coast and Geodetic Survey:

To be commissioned captain

John H. Brittain, effective February 1, 1956.

Emil H. Kirsch.
George R. Shelton.
George A. Nelson.
Wilbur R. Porter.
Percy L. Bernstein.
Charles A. Schanck.

CONFIRMATION

Executive nomination confirmed by the Senate January 31 (legislative day of January 16), 1956:

UNITED STATES DISTRICT JUDGE

Frank M. Johnson, Jr., of Alabama, to be United States district judge for the middle district of Alabama.

House of Representatives

TUESDAY, JANUARY 31, 1956

The House met at 12 o'clock noon.

The Reverend Hugh K. Wolf, St. Agnes Church, Vermillion, S. Dak., offered the following prayer:

O God, divine protector of all who put their trust in Thee, accept the humble homage of our faith and love in Thee; enlighten the Members of this great lawmaking body, enabling them to acknowledge in all their undertakings that all power comes from You and that under You the people rule.

May the outpourings of Thy holy spirit cleanse the hearts and minds of these lawmakers so that, guided and strengthened by the same holy spirit, these chosen men and women, knowing Thy wishes and their duties, may always have the moral strength to relish what is right and ever rejoice in His consolation, through Christ our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

TAXES ON GASOLINE AND SPECIAL FUELS USED ON FARMS

The SPEAKER. The unfinished business is the action of the House on the bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes.

The Clerk read the title of the bill.

The SPEAKER. The question is on suspending the rules and passing the bill.

Mr. COOPER. Mr. Speaker, I renew my request for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 387, nays 0, not voting 45, as follows:

[Roll No. 3]

YEAS—387

Abbutt	Bass, N. H.	Brooks, La.
Abernethy	Bass, Tenn.	Brooks, Tex.
Adair	Bates	Brown, Ga.
Addonizio	Baumhart	Brown, Ohio
Albert	Beamer	Brownson
Alexander	Becker	Broyhill
Alger	Belcher	Budge
Allen, Calif.	Bell	Burdick
Allen, Ill.	Bennett, Fla.	Burleson
Andersen,	Bennett, Mich.	Burnside
H. Carl	Bentley	Bush
Andresen,	Berry	Byrd
August H.	Betts	Byrne, Pa.
Andrews	Blatnik	Byrnes, Wis.
Anfuso	Blitch	Canfield
Arends	Boggs	Cannon
Ashley	Boland	Carlisle
Ashmore	Bolling	Carnahan
Aspinall	Bonner	Carrigg
Auchincloss	Bosch	Cederberg
Ayres	Bow	Celler
Bailey	Bowler	Chase
Baker	Boykin	Chelf
Baldwin	Boyle	Chenoweth
Barden	Bray	Chiperfield

Christopher	Harris	Miller, Md.
Chudoff	Harrison, Nebr.	Miller, Nebr.
Church	Harrison, Va.	Miller, N. Y.
Clark	Harvey	Mills
Clevenger	Hays, Ark.	Minshall
Cole	Hays, Ohio	Morano
Colmer	Hayworth	Morgan
Cooley	Hébert	Morrison
Coon	Henderson	Moss
Cooper	Heselton	Moulder
Corbett	Hess	Multer
Coudert	Hiestand	Murray, Ill.
Cramer	Hill	Murray, Tenn.
Cretella	Hillings	Natcher
Crumpacker	Hoeven	Nelson
Cunningham	Hoffman, Ill.	Nicholson
Curtis, Mass.	Hoffman, Mich.	Norblad
Curtis, Mo.	Holifield	Norrell
Dague	Holmes	O'Brien, Ill.
Davidson	Holt	O'Hara, Ill.
Davis, Ga.	Holtzman	O'Hara, Minn.
Davis, Tenn.	Horan	O'Konski
Davis, Wis.	Hosmer	Ostertag
Dawson, Ill.	Huddleston	Passman
Dawson, Utah	Hull	Patman
Deane	Hyde	Pelly
Delaney	Ikard	Perkins
Dempsey	Jackson	Philbin
Denton	James	Pilcher
Derounian	Jarman	Pillion
Devereux	Jenkins	Poage
Dies	Jennings	Poff
Dingell	Johansen	Polk
Dixon	Johnson, Calif.	Powell
Dodd	Johnson, Wis.	Preston
Dollinger	Jonas	Priest
Dolliver	Jones, Mo.	Prouty
Dondero	Jones, N. C.	Quigley
Donohue	Judd	Rabaut
Donovan	Karsten	Radwan
Dorn, N. Y.	Kean	Rains
Dorn, S. C.	Kearney	Ray
Dowdy	Kearns	Reed, N. Y.
Doyle	Keating	Rees, Kans.
Edmondson	Kee	Reuss
Elliott	Kelly, N. Y.	Rhodes, Ariz.
Ellsworth	Keogh	Rhodes, Pa.
Engle	Kilburn	Riehlman
Evins	Kilday	Riley
Fallon	Kilgore	Rivers
Fascell	King, Calif.	Roberts
Feighan	Kirwan	Robeson, Va.
Fenton	Klein	Robson, Ky.
Fernandez	Kluczynski	Rodino
Fino	Knox	Rogers, Colo.
Fisher	Knutson	Rogers, Fla.
Fjare	Krueger	Rogers, Mass.
Flood	Laird	Rogers, Tex.
Flynt	Landrum	Rooney
Fogarty	Lane	Roosevelt
Forand	Lanham	Rutherford
Ford	Lankford	Sadlak
Forrester	Latham	St. George
Fountain	LeCompte	Saylor
Frazier	Lesinski	Schenck
Frelinghuysen	Lipscomb	Scherer
Friedel	Long	Scott
Fulton	Lovre	Scrivner
Garmatz	McCarthy	Scudder
Gary	McCormack	Seely-Brown
Gathings	McCulloch	Selden
Gavin	McDonough	Sheehan
Gentry	McDowell	Sheppard
George	McGregor	Short
Grant	McIntire	Shuford
Gray	McMillan	Steminski
Green, Oreg.	McVey	Sikes
Green, Pa.	Macdonald	Siler
Gregory	Machrowicz	Simpson, Ill.
Griffiths	Madden	Simpson, Pa.
Gross	Magnuson	Sisk
Gubser	Mahon	Smith, Kans.
Gwinn	Mailhard	Smith, Miss.
Hagen	Marshall	Smith, Va.
Hale	Martin	Smith, Wis.
Haley	Mason	Spence
Halleck	Matthews	Springer
Hand	Marrow	Staggers
Harden	Metcalf	Steed
Hardy	Miller, Calif.	Sullivan

Taber	Tuck	Widnall
Talle	Tumulty	Wier
Taylor	Udall	Wigglesworth
Teague, Calif.	Utt	Williams, Miss.
Teague, Tex.	Vanik	Williams, N. J.
Thomas	Van Pelt	Williams, N. Y.
Thompson, La.	Van Zandt	Willis
Thompson, Mich.	Vinson	Wilson, Ind.
Thompson, N. J.	Wainwright	Winstead
Thompson, Tex.	Weaver	Withrow
Thomson, Wyo.	Westland	Wolcott
Thornberry	Wharton	Wright
Tollefson	Whitten	Yates
Trimble	Wickersham	Young
		Younger

NOT VOTING—45

Avery	Hope	Phillips
Barrett	Jensen	Price
Bolton	Jones, Ala.	Reece, Tenn.
Frances P.	Kelley, Pa.	Reed, Ill.
Boiton	King, Pa.	Richards
Oliver P.	McConnell	Schwengel
Buckley	Mack, Ill.	Shelley
Chatham	Mack, Wash.	Veide
Diggs	Meador	Vorys
Durham	Mollohan	Vursell
Eberharter	Mumma	Walter
Gamble	O'Brien, N. Y.	Wilson, Calif.
Gordon	O'Neill	Wolverton
Granahan	Osmer	Zablocki
Herlong	Patterson	Zelenko
Hinshaw	Pfost	

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Mr. O'Neil with Mrs. Frances P. Bolton.
 Mr. Diggs with Mr. Jensen.
 Mr. Durham with Mr. Hope.
 Mr. Chatham with Mr. Veide.
 Mr. Gordon with Mr. Reece of Tennessee.
 Mr. Barrett with Mr. Wilson of California.
 Mr. Mack of Illinois with Mr. Patterson.
 Mrs. Pfost with Mr. Meador.
 Mr. Mollohan with Mr. Mack of Washington.
 Mr. Walter with Mr. Gamble.
 Mr. Zablocki with Mr. Oliver P. Bolton.
 Mr. Jones of Alabama, with Mr. Avery.
 Mr. Shelley with Mr. King of Pennsylvania.
 Mr. Buckley with Mr. Hinshaw.
 Mr. Eberharter with Mr. McConnell.
 Mr. Granahan with Mr. Mumma.
 Mr. Kelley of Pennsylvania with Mr. Osmer.
 Mr. Zelenko with Mr. Phillips.
 Mr. O'Brien of New York with Mr. Vorys.
 Mr. Price with Mr. Vursell.
 Mr. Herlong with Mr. Wolverton.
 Mr. Richards with Mr. Schwengel.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. WOLVERTON. Mr. Speaker, the purpose of the bill now under consideration—H. R. 8780—is to relieve farmers of the burden of the excise taxes on gasoline and special fuels used on their farms for farming purposes.

This relief will become available to farmers in the form of refunds payable by the Federal Government directly to the farmers. It is estimated that this will provide farmers with approximately \$60 million of tax relief each year.

The depressed condition that presently exists in certain portions of the agricultural industry creates a real problem. It is one that calls for relief. The decline in farm income not only adversely affects our farmers to such an extent that it constitutes a menace to their welfare but also to the generally prosperous conditions that exist in industrial activities.

The bill recognizes that there is an adverse differential between what the farmer receives for his product and the cost of operation of his farm. Consequently, this bill makes some contribution toward a remedy by removing the Federal tax on the gasoline or fuel that the farmer uses in the operation of his farm. Of course, this is only one way to attack the problem of declining farm prices and the rising cost of the articles the farmer must buy. The farm problem as it presently exists must be attacked on several fronts if we are to give adequate relief. It is to be hoped that the intense study that is being given to the subject will bring forth a remedy that will prove effectual.

In dealing with the separate problems that effect the different segments of our economy, it is well to remember that we all go up or we all go down together. Therefore, we should work in a spirit of cooperation wherein we adopt a policy of "one for all and all for one." In thus recognizing our interdependence one upon another we advance the prosperity of all.

The present bill although it only affects a small portion of our farm problem, yet it has my full support as an evidence of a desire to be helpful in whatever way is possible.

COMMITTEE ON UN-AMERICAN ACTIVITIES

The SPEAKER. The unfinished business is the question on agreeing to the resolution (H. Res. 352) to authorize the expenditure of certain funds for the expenses of the Committee on Un-American Activities.

Mr. JACKSON. Mr. Speaker, I renew my request of yesterday that this vote be taken by the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 385, nays 1, not voting 46, as follows:

[Roll No. 4]

YEAS—385

Abbitt	Bass, Tenn.	Brown, Ga.
Abernethy	Bates	Brown, Ohio
Adair	Baumgart	Brownson
Addonizio	Beamer	Broyhill
Albert	Becker	Budge
Alexander	Belcher	Burdick
Alger	Bell	Burleson
Allen, Calif.	Bennett, Fla.	Burnside
Allen, Ill.	Bennett, Mich.	Bush
Andersen,	Bentley	Byrd
H. Carl	Berry	Byrne, Pa.
Andresen,	Betts	Byrnes, Wis.
August H.	Blatnik	Canfield
Andrews	Blitch	Cannon
Anfuso	Boggs	Carlyle
Arends	Boland	Carnahan
Ashley	Bolling	Carrigg
Ashmore	Bonner	Cederberg
Aspinall	Bosch	Celler
Auchincloss	Bow	Chase
Ayres	Bowler	Chelf
Bailey	Boykin	Chenoweth
Baker	Boyle	Chipperfield
Baldwin	Bray	Christopher
Barden	Brooks, La.	Chudoff
Bass, N. H.	Brooks, Tex.	Church

Clark	Hoffman, Mich.	Polk
Clevenger	Hollfield	Powell
Cole	Holmes	Preston
Colmer	Holt	Priest
Cooley	Holtzman	Prouty
Coon	Horan	Quigley
Cooper	Hosmer	Rabaut
Corbett	Huddleston	Radwan
Coudert	Hyde	Rains
Cramer	Ikard	Ray
Cretella	Jackson	Reed, N. Y.
Crumpacker	James	Rees, Kans.
Cunningham	Jarman	Reuss
Curtis, Mass.	Jenkins	Rhodes, Ariz.
Curtis, Mo.	Jennings	Rhodes, Pa.
Dague	Johansen	Rieffman
Davidson	Johnson, Calif.	Riley
Davis, Ga.	Johnson, Wis.	Rivers
Davis, Tenn.	Jonas	Roberts
Davis, Wis.	Jones, Ala.	Robeson, Va.
Dawson, Ill.	Jones, Mo.	Robson, Ky.
Dawson, Utah	Jones, N. C.	Rodino
Deane	Judd	Rogers, Colo.
Delaney	Karsten	Rogers, Fla.
Dempsey	Kearney	Rogers, Mass.
Denton	Kearns	Rogers, Tex.
Derounian	Keating	Rooney
Devereux	Kee	Roosevelt
Dies	Kelly, N. Y.	Rutherford
Diggs	Keogh	Sadlak
Dingell	Kilburn	St. George
Dixon	Kilday	Saylor
Dodd	Kilgore	Schenck
Dollinger	King, Calif.	Scherer
Dolliver	Kirwan	Schwengel
Dondero	Klein	Scott
Donohue	Kluczynski	Scrivner
Donovan	Knox	Scudder
Dorn, N. Y.	Knutson	Seely-Brown
Dorn, S. C.	Krueger	Selden
Dowdy	Laird	Sheehan
Doyle	Landrum	Sheppard
Edmondson	Lane	Short
Elliott	Lanham	Shuford
Ellsworth	Lankford	Sieminski
Engle	Latham	Sikes
Evins	LeCompte	Siler
Fallon	Lesinski	Simpson, Ill.
Fascell	Lipcomb	Simpson, Pa.
Feighan	Long	Sisk
Fenton	Lovre	Smith, Kans.
Fernandez	McCarthy	Smith, Miss.
Fino	McCormack	Smith, Va.
Fisher	McCulloch	Smith, Wis.
Fjare	McDonough	Spence
Flood	McGregor	Springer
Flynt	McIntire	Staggers
Fogarty	McMillan	Steed
Forand	McVey	Sullivan
Ford	Macdonald	Taber
Forrester	Machrowicz	Talle
Fountain	Madden	Taylor
Frazier	Magnuson	Teague, Calif.
Frelinghuysen	Mahon	Teague, Tex.
Friedel	Maillard	Thomas
Fulton	Marshall	Thompson, La.
Garmatz	Martin	Thompson, Mich.
Gary	Mason	Thompson, N. J.
Gathings	Matthews	Thompson, Tex.
Gavin	Morrow	Thompson, Wyo.
Gentry	Metcalf	Thornberry
George	Miller, Calif.	Tollefson
Grant	Miller, Md.	Trimble
Gray	Miller, Nebr.	Tuck
Green, Oreg.	Miller, N. Y.	Tumulty
Green, Pa.	Mills	Vanik
Gregory	Minshall	Van Pelt
Griffiths	Moran	Van Zandt
Gross	Morgan	Vinson
Gubser	Morrison	Wainwright
Gwinn	Moss	Watts
Hagen	Moulder	Weaver
Hale	Multer	Westland
Haley	Murray, Ill.	Wharton
Halleck	Murray, Tenn.	Whitten
Hand	Natcher	Wickersham
Harden	Nelson	Widnall
Hardy	Nicholson	Wigglesworth
Harris	Norblad	Williams, Miss.
Harrison, Nebr.	Norrell	Williams, N. J.
Harrison, Va.	O'Brien, Ill.	Williams, N. Y.
Harvey	O'Hara, Ill.	Willis
Hays, Ark.	O'Hara, Minn.	Wilson, Ind.
Hays, Ohio	O'Konski	Winstead
Hayworth	Ostertag	Withrow
Hébert	Passman	Wolcott
Henderson	Pelly	Wolverton
Heseltan	Perkins	Wright
Hess	Phillbin	Yates
Hiestand	Pilcher	Young
Hill	Pillion	Younger
Hillings	Poage	
Hoeven	Poff	
Hoffman, Ill.		

NAYS—1

Wler

NOT VOTING—46

Avery	Hull	Pfost
Barrett	Jensen	Phillips
Bolton	Kelley, Pa.	Price
Frances P.	King, Pa.	Reece, Tenn.
Bolton	McConnell	Reed, Ill.
Oliver P.	McDowell	Richards
Buckley	Mack, Ill.	Shelley
Chatham	Mack, Wash.	Udall
Durham	Meador	Utt
Eberharter	Mollohan	Velde
Gamble	Mumma	Vorrs
Gordon	O'Brien, N. Y.	Vursell
Granahan	O'Neill	Walter
Herlong	Osmers	Wilson, Calif.
Hinshaw	Patman	Zablocki
Hope	Patterson	Zelenko

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Barrett with Mr. Avery.
Mr. Mack of Illinois with Mr. King of Pennsylvania.
Mr. Gordon with Mr. Jensen.
Mr. Granahan with Mr. Vursell.
Mr. Kelley of Pennsylvania with Mr. Phillips.
Mr. Hull with Mr. McConnell.
Mr. Shelley with Mrs. Frances P. Bolton.
Mr. Herlong with Mr. Gamble.
Mr. Chatham with Mr. Wilson of California.
Mr. Buckley with Mr. Reece of Tennessee.
Mr. Eberharter with Mr. Osmers.
Mrs. Pfost with Mr. Mack of Washington.
Mr. O'Neill with Mr. Hope.
Mr. O'Brien of New York with Mr. Reed of Illinois.
Mr. Price with Mr. Meador.
Mr. Zablocki with Mr. Mumma.
Mr. Walter with Mr. Patterson.
Mr. Mollohan with Mr. Utt.
Mr. Zelenko with Mr. Velde.
Mr. Durham with Mr. Hinshaw.
Mr. Udall with Mr. Oliver P. Bolton.
Mr. McDowell with Mr. Vorrs.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

[Mr. JOHNSON of California's remarks will appear hereafter in the Appendix.]

THE LATE FRED HERMAN HILDEBRANDT

The SPEAKER. The Chair recognizes the gentleman from South Dakota [Mr. LOVRE].

Mr. LOVRE. Mr. Speaker, I regret to inform you of the passing of a former Member of this House, the Honorable Fred Herman Hildebrandt, a former colleague of many of our present Members. Mr. Hildebrandt represented the First Congressional District of South Dakota for three terms, the 73d, 74th, and 75th.

Mr. Hildebrandt was born in West Bend, Wis., on August 2, 1882. In 1888 he moved with his parents to Waupun, Wis., where he attended the public schools. Later he moved to Watertown, S. Dak., where he made his home the rest of his life. At Watertown he attended the Watertown Business College and in 1903 joined the employ of the Minneapolis & St. Louis Railway. For 3 years he was a railroad freight brakeman, then served as freight conductor from 1906 until 1911 when he became passenger conductor on the railroad, a position he held until 1932.

In the 1922-23 sessions of the South Dakota Legislature Mr. Hildebrandt served as a member of the house of representatives. He later served as chairman of the South Dakota Game and Fish Commission for 4 years—1927-31—and was president of the North Central States Game and Fish Department from 1928 to 1930.

He was first elected to Congress on the Democratic ticket in 1932, and served three successive terms as a Member of this House, completing his three terms in 1939 after announcing he would not be a candidate for reelection to the House. He was Democratic candidate for the United States Senate in 1938, and also a candidate for election in 1942 to the 78th Congress.

Mr. Hildebrandt was selected as a delegate to the Democratic National Convention in Chicago in 1944. Following his terms in Congress he retired from active business life and maintained his home in Watertown, S. Dak. Last November he left Watertown to spend the winter in Palmetto, Fla., where he had been living with his wife when he passed away last Friday morning, January 27.

I was privileged to have known Fred Hildebrandt for many years, and can truly say that I considered him an outstanding citizen, a man of unimpeachable honor, who always devoted his every effort to the best interests of this Nation.

Although Fred Hildebrandt's service in this House was but three terms, those who knew him and served with him gained much from his wise counsel and thoughtful judgment. South Dakota, as well as this Nation, can be proud that a man such as Fred Hildebrandt served in the House of Representatives. For within Fred Hildebrandt was that quality of unselfishness, devotion to service, and highest integrity, a quality that is endowed on very few men, but which blessed Fred Hildebrandt and reflected on those that knew him. His life of devoted service stands as a beacon light of endeavor, guiding us all to further accomplishments for the welfare of mankind.

I wish to take this opportunity, and I know my colleagues join me, in extending to his widow, his sister, and to his many, many friends, sincerest sympathy. Congressman Fred Hildebrandt served honorably in all capacities which he undertook, and his record of achievements will always remain as a distinct credit to his family, community, State, and Nation.

Mr. Speaker, I ask unanimous consent that all Members may extend their remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. REED of New York. Mr. Speaker, it is with deep regret that I have learned of the death of our former colleague, Hon. Fred Herman Hildebrandt, who served in the House of Representatives from March 4, 1933, until January 3, 1939, from South Dakota. He passed away last Friday while in Florida.

As many of you know, Fred Hildebrandt, as he was affectionately known,

was once a railroad freight brakeman, and then a freight conductor, and after that a passenger conductor. Before coming to the House of Representatives he was a member of the South Dakota State House of Representatives.

I join with his many friends in expressing at this time my deep sympathy which I extend to his family.

INTERNATIONAL PHOTOGRAPHIC EXPOSITION

(Mr. REED of New York asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. REED of New York. Mr. Speaker, in March 1957, Washington will be the scene of the first international photographic exposition or trade fair ever held in the United States. Furthermore, I have been given to understand that this is one of the very few really comprehensive international expositions, and by far the largest, ever to be held in Washington. It is to be hoped that it is the forerunner of similar international events for which Washington is certainly a most appropriate location.

In the United States we are very fortunate in having the most outstanding and competent photographic manufacturing industry in the world. This is especially significant when we stop to consider the great contributions of this relatively small industry to our national economy in general and our national defense in particular.

In recent years our American industry has become the world leader in photographic research and development and thus in the excellence of its products. In fact, many of the developments which have made new and improved photographic products available to industry, science, education, entertainment, government, and for personal use as well, are the result of the inventiveness, ingenuity, and persistence of our American industry. These include new and improved color processes, better cameras and lenses, and finer and more diversified equipment, both still and motion picture, for a wide variety of uses and applications.

The American industry in many of its important product areas faces severe foreign competition. By continued research and development and aggressive salesmanship, it has been seeking to meet this competition both in its home markets and throughout the world. In this connection, it sees in international expositions an opportunity to make everyone aware of American photographic products, to create an even greater acceptance for them throughout the world, and to further mutual international respect and confidence.

Heretofore, international photographic expositions or trade fairs have been held only abroad, principally in Germany. However, strong opinion developed that to move the international photographic exposition around among a few carefully chosen world centers would be mutually advantageous.

Accordingly, last year American manufacturers as well as those of Germany

and other producing nations cooperated in holding an international photographic exposition in Paris under the sponsorship of the French industry.

In 1957 this exposition is to be held in the United States under the sponsorship of the American industry. The active support of most of the major American photographic organizations is assured, the following having already pledged full cooperation:

American Society of Magazine Photographers, a national professional association.

Master Photo Dealers & Finishers Association, the national organization of photographic dealers and photo finishers.

National Association of Photographic Manufacturers, Inc., the national association of American manufacturers of all kinds and types of photographic equipment and supplies.

National Press Photographers Association, a national professional organization of press photographers.

Photographers Association of America, a national professional society of studio, commercial, and industrial photographers.

Photographic Society of America, a national organization of individuals seriously interested in photography, either personally or technically.

Several other American organizations related to the field of photography have under consideration the matter of adding their support to this undertaking. These organizations will in general be holding their national conventions in Washington during the period of the exposition, and those customarily having their own separate trade shows in conjunction therewith are foregoing them.

A very large attendance is expected at the forthcoming exposition, including many foreign visitors, such as dealers, importers, users, and manufacturers. In furtherance of the exposition, the American industry desires to have the same courtesy extended foreign exhibitors as they themselves were accorded in France and expect to receive at other future locations of this international event. In particular, this means permitting the duty-free importation of exhibit properties and products for the purposes of the exposition on the same basis as the Congress has seen fit to approve in various other similar cases.

Accordingly, Mr. Speaker, I am today introducing a bill, at the request of the American industry, to extend this courtesy to exhibitors from foreign countries.

CONVERSION OF CERTAIN NAVAL VESSELS

Mr. COLMER, from the Committee on Rules, reported the following privileged resolution (H. Res. 392, Rept. No. 1698), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for consideration of the bill (H. R. 7993) to authorize the construction and conversion of certain naval vessels, and for other purposes. After general debate, which

³³ Stalin's speeches on the American Communist Party, 1929, p. 17.

³⁴ Alex Bittelman, *The Communist Party in Action*, 1932, p. 16.

³⁵ See notes 3 and 4; *United States v. Ginsberg* (1917, 243 U. S. 472, 37 S. Ct. 422, 61 L. Ed. 853).

³⁶ See cases in note 2.

³⁷ See, *United States v. Ascher* (2 Cir., 1945, 147 F. 2d 544); *Del Guercio v. Pupko* (9 Cir., 1947, 160 F. 2d 799); *United States v. Shapiro* (D. C. Cal., 1942, 43 F. Supp. 927); *Stevens v. United States* (7 Cir., 1951, 190 F. 2d 880); *United States v. Corrado* (D. C. Mich., 1953, 121 F. Supp. 75); *United States v. Anastasio* (D. C. N. J., 1954, 120 F. Supp. 435); *United States v. Gelbert* (D. C. Ill., 1954, 121 F. Supp. 414).

³⁸ *United States v. Chomiak* (D. C. N. Y., 1952, 108 F. Supp. 527); *United States v. Charnowola* (D. C. Mich., 1953, 109 F. Supp. 810); *United States v. Polites* (D. C. Mich., 1953, 127 F. Supp. 768); *United States v. Sweet* (D. C. Mich., 1952, 106 F. Supp. 634). The judgments in these three cases were affirmed by the Court of Appeals for the Sixth Circuit in *Sweet v. United States* (6 Cir., 1954, 211 F. 2d 118). See, *Orth v. United States* (5 Cir., 1944, 142 F. 2d 969); *Allan v. United States*, *supra*, Note 9, *Weber v. United States* (9 Cir., 1941, 119 F. 2d 932, 934); *Tauchen v. Barber* (9 Cir., 1950, 183 F. 2d 267, 268).

³⁹ Lenin, *State and Revolution*, 1932, p. 72.

⁴⁰ Alexander Bittelman, *The Communist Party in Action*, 1932, p. 33.

⁴¹ *The Communist*, vol. XVIII, No. 9, September 1939, pp. 771, 782.

⁴² Alexander Trachtenberg, *The Soviet Union and The American People*, *The Communist*, *supra*, note 41, p. 886.

⁴³ Section 307 of the Nationality Act of 1940, sec. 707 of title 8 U. S. C., now embodied in sec. 1427 (a) (3) of title 8 U. S. C. A.

⁴⁴ *Baumgartner v. United States* (1944, 322 U. S. 665, 674, 64 S. Ct. 1240, 1245, 88 L. Ed. 1525).

⁴⁵ *Meyer v. United States* (5 Cir., 1944, 141 F. 2d 825, 826-828).

⁴⁶ *Luria v. United States* (1913, 231 U. S. 9, 23, 34, S. Ct. 10, 13, 58 L. Ed. 101).

⁴⁷ *Luria v. United States*, *supra*, 231 U. S. at p. 24, 34 S. Ct. at p. 13.

⁴⁸ *Baumgartner v. United States*, *supra* note 44; *Knauer v. United States* (1946, 328 U. S. 654, 659, 66 S. Ct. 1304, 90 L. ed. 1500).

⁴⁹ "If, in our more explicit and self-conscious moods, we tend to give the primacy to our Anglo-Saxon inheritance, it is because we identify this tradition with those ideals of liberalism and democracy which we rightly hold as paramount. The contribution of these diverse national and racial stocks to our common American life exemplifies the subordination of the past to the future, of origin to function, of the hold of mere tradition to the potentialities of freedom, liberation, and self-expression." (G. P. Adams and Others, *Knowledge and Society*, 1938, p. 387.)

⁵⁰ See cases in note 6.

West, Paradise Inn, Phoenix, Ariz., January 21, 1956:

THE WEST IS THE FUTURE

(Address of Senator BARRY GOLDWATER before the Advertising Association of the West, Paradise Inn, Phoenix, Ariz, January 21, 1956)

When you honored me by asking me to speak with you this afternoon, I accepted readily, because it not only gave me a chance to visit my native Arizona again, but it also provided me with an opportunity to fly once more across this great land of America. It always rekindles my pride in being an American to travel over the vastness of this country—to see the greenness of its farms, the sprawling bigness of its cities, and the compact tidiness of its small towns; to go through State after State, and to realize as I go that the people I see are Americans like I am, and that, in their hearts, beats the same intense pride of that possession.

Yes, America is God's land, with its mountains and its canyons and its lakes. It is God's land for these things, and His, too, because our concept of freedom, as coming from Him, has given us the spiritual will to create the material might that is also ours. Our material accomplishments of the past can be nothing as compared with the almost unimaginable potential that we face today as a Nation.

Part of this great future stems from the tremendous expansion of our population which is taking place at the present time, and which will continue. Another part of our future rests with what man does with his new knowledge of the atom. Its promises of peacetime developments almost stagger the imagination of men. Another part of our future comes from the ever-expanding and dynamic free enterprise system, which is our system of economy. This is a material expression of our spiritual might—the expression of a people constantly seeking higher standards of living, constantly seeking and achieving greater opportunities, and constantly endeavoring to build a better America.

Included in this future will be the ever-increasing demands for goods, services, and jobs from this new population; the constant demands for a higher standard of living from the current population; and the overall increased needs for schools, hospitals, churches, highways, power, and water and sewage facilities. All these, and more, are the needs of a dynamic society.

Naturally, in this future, is included the future of business, and business is potential. But business, as potential, means not only opportunity, but also problems and responsibilities. Business must provide the jobs and job opportunities for the expanding labor force. It will take money to provide these jobs. That means new capital for investment, expansion, production, distribution, research, and product development.

You, as citizens of this great community of America, face a great potential, likewise, and, in this potential you, too, have responsibilities and problems. Your particular responsibility is better advertising, more vigorous promotion, and better dissemination of knowledge, so that business can more readily sell its new goods to the new population. As advertising people, your responsibilities also embrace the selling of our free-enterprise system and our constitutional form of Government.

America faces a future that challenges the imagination; and, in that future, the West looms dominantly. Here, in the western part of these United States, we will see the real great growth of this country in the coming years. Here, in the West that is still new and, in many respects, undeveloped, we will see the marvels of tomorrow unfold. Here is our challenge. Here in the West are the opportunities for tomorrow.

I hesitate to bore you with figures on this happy day, but, nevertheless, figures are necessary to prove my point that America's future lies in the West. Nowhere in the Nation has the growth been more rapid, or, likewise, the potentials or the problems greater than here in the West. For the 11 Western States, the 10-year period from 1950 to 1960 is certainly a decade of opportunity. During the previous 10-year period, from 1940 to 1950, the center of the population of the United States took its greatest strides toward the open spaces of the West. In fact, that movement westward is the greatest since the period between 1880 and 1890. Between 1940 and 1950, the West had a 40.9 percent increase in population, while, during that time, no other region increased by more than 13.3 percent. Of the 11 States comprising what we call the West, seven increased their population by percentages ranging from 25 to 53 percent, and in only one of the Western States was the increase less than 10 percent.

During the decade between 1940 and 1950, more than 3 out of every 5 counties of the West increased in population. At the same time, in the United States as a whole, nearly one-half of the counties lost population, and nearly one-fourth lost 10 percent or more—this, despite the record gain of 19 million in population. This extreme rate of growth is further evidenced in the cities of the West, and, to mention but a few, Denver, Colo., increased 38 percent in that period; Los Angeles, 49.8 percent; and this great, thriving city of Phoenix had an increase in population in that 10-year period of over 78 percent. These figures compare with a 22 percent overall average increase for the standard metropolitan areas in the Nation.

All of that took place between 1940 and 1950, but, the latest figures available show that the West continues to be ahead of the Nation in the rate of population growth since the last census. These figures show that, since the census was taken, the population of the West has increased by 11.6 percent, or twice the national average of 5.1 percent. The Pacific Division alone shows a 12.1 percent growth, and the Mountain Division 10.3 percent. Of the 28 States in the Nation that increased by 5 percent or more, 9 were located in the West. Of the 9 States which increased by 10 percent or more, half were Western States.

Looking into the future at our population estimates, the Bureau of the Census predicts a 35 percent increase for the Western States, against 17 percent for the United States as a whole for the current decade. Prof. Morris E. Garnsey, who wrote the interesting book, *America's New Frontier*, has said that it is not inconceivable that the population for the Western States should provide residence for as much as 33 percent of the Nation's population by 1975. This same economist predicts a 1975 population for the United States of 200 million, which would mean, if his predictions are true, that between 60 and 65 million people would reside in the West by 1975.

Yet, I said earlier that this growth brings problems, and these problems are reflected in the West by an increasing need for labor and capital investment funds. This rapidly growing population has had to find jobs, and jobs have been created for them, jobs in industry that have moved from the East, or industries which have been born and grown in the West.

Arizona is a typical example of industrial progress in the West. In the middle 1930's, manufacturing was practically nonexistent in this State, and yet, today, manufacturing contributes the largest share to our total State economy. Arizona's remarkable rise in the manufacturing fields can be matched by other States of the Far West, but I use this State because it is my home State, and I have a natural and deep regard for it. You

The West Is the Future

EXTENSION OF REMARKS

OF

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 31, 1956

Mr. RHODES of Arizona. Mr. Speaker, under leave previously granted, I would like to include in the RECORD an address of Senator BARRY GOLDWATER before the Advertising Association of the

will pardon, then, these exclusive references to Arizona statistics.

The Bureau of the Census estimated that our population would be 1,036,000 in 1960. It has already exceeded that figure, and is approaching 1,200,000. The labor force in 1950 was 265,000, but the estimate for 1960 is 362,600. This means an estimated investment in Arizona of slightly over \$1 billion.

To bring this down to more reasonable and more understandable figures, I might remind you that this population increase in Arizona is running along at the rate of slightly over 1,400 persons per week. A new population means new jobs. New jobs mean new capital to provide money for jobs, job opportunities, and for goods and services. We can expect to see growth in a number of business firms maintain the same ratio as it has always had, and we find, in studying this, that, as human population grows, so does business population. The ratio of growth between the two has been fairly constant in the past. Now, to give you some idea of what we here in Arizona can look forward to in the way of new business firms, let us recall that, in 1950, Arizona had 18,900 business firms. By 1960, using the ratio of the number of firms to nonfarm population, we can expect to see something in the neighborhood of 32,000 businesses in operation in Arizona by 1960. In fact, if we use this same ratio figure and apply it to the projected population of the West, we westerners can expect to be doing business in 1960 with an excess of 750,000 new businesses.

You ladies figure prominently, too, in this new picture we are viewing, for, in 1950, in the State of Arizona, there were 68,000 of you employed, and, by 1960, we can expect that figure to be approximately 100,000.

To provide power for this expanding population and economy of the West will require capital expenditures in excess of \$5 billion in the 1950-60 period. I mention this figure only to show you the tremendous amount of capital that is going to be needed in our West as we grow.

One might sit here and listen to these astounding figures and think that this migration to the West has just started. In truth, it has been going on ever since the early days of our history, but it has only reached these gigantic proportions in the last 10 or 15 years. What is the reason for this continuing trek toward the West?

The West is new, and the West will be new tomorrow and for many tomorrows to come. We are not bound by tradition. Our legislatures have kept up with the modern needs, and we find new laws, instead of antiquated ones, existing in most of the Western States. Young men and young women have come to the West from the East with new ideas, and they have developed these ideas unhampered by existing local traditions or laws, both of which, in many cases, are obsolete for the times.

To these young people who have come to the West, we who were born in the West owe our undying thanks. The pioneer of yesterday was important in laying out the land and describing its boundaries and in settling this great country, but the pioneers of today have provided the youth and the vision and the capital and the know-how to build this West into the thing that it is, and to keep it growing in the future. As the population swings to the West, more of the need for factories and distributing points in the West grows with that population, so that we can see more and more of this migration from the East and central portions of the United States.

The challenge which exists in this growth is not only to fields of capital, but also, to you, as I mentioned earlier. Upon your shoulders rests the job of selling these products, and upon your shoulders rests the job of selling that which has made this country and this West the thing that it is, both in the field of economy and in the field of

government. Yours must be a constant vigil to see that the freedom of our enterprise is maintained: to see that our young people understand this great system of economy, and realize that no other system in the world has produced so much for so many people—and no other system in the world can do it, because all have been tried in the thousands of years of recorded history. None has produced like the free enterprise system, and the only obstacle which I can see on the horizon is that which rests in the apathy of our people toward our freedom, whether that freedom be the personal freedom of man or the freedom of our enterprise.

There are far too many in this country who, whether knowingly or unknowingly, advocate a little bit of socialism. There are too many people who feel that the Federal Government should have a greater and greater hand in guiding our local destinies. I like to be charitable to these people, and think that they know not what they do, and I like to devote my time to attempting to change their views.

Ours is a freedom that comes from God, and by our adherence to that concept, we have become a strong, spiritual people; and because of this spiritual strength, we have, likewise, become strong materially. Freedom, not the Government, has created this material wealth. Nothing comes from Government that is not first put into Government; and if we ever forget that to the point that we fail to live by our spiritual standards, if we ever forget that to the point that we fail vociferously to proclaim our allegiance and belief in that concept, then this great constitutional government of ours will go, and with it will go the economy that has produced more for more people than any in the history of the world.

Yes, you have a grave and abiding responsibility in this future of the West; just as I and all the people of the West have. Under our guidance and work, the West can grow to unbounded proportions, but its growth can be directed, and we can profit by the mistakes of the past that have been made in other sections of the country. Out of this, someday, our children can gather and thank us for our firm belief in the things that have made America good, just as we, today, thank our fathers and our mothers and those who came before us to settle this land and to give it to us in the form that we received it.

Tax Relief From the Federal Excise Tax on Gasoline and Special Fuels Used on Farms

SPEECH
OF

HON. HERMAN P. EBERHARTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 30, 1956

Mr. EBERHARTER. Mr. Speaker, while it is possible that some of my remarks that will follow may be critical of the Eisenhower farm program in general, I would like to assure the distinguished membership of this august body that I rise in support of the legislation pending before us at this time.

H. R. 8780, as explained by our beloved chairman, the Honorable JERE COOPER, of Tennessee, and others who have preceded me in addressing the House today, would provide tax relief to

the farmers from excise taxes imposed on gasoline and special fuels when these fuels are used on the farm for farming purposes.

This legislation was endorsed in principle in the President's farm message as presented to the Congress on January 9, 1956. However, it is significant to note that one of my very able and distinguished colleagues on the Committee on Ways and Means, the Honorable A. SIDNEY HERLONG, of Florida, had a proposal similar in purpose pending before the committee since March 10, 1955. His legislation, H. R. 4804, was never reported on by the Treasury Department despite the fact that such a request for a report was made by the committee on March 25, 1955.

We should not fool ourselves into thinking that we are solving the Republican farm problem by the enactment of this measure. The total revenue loss to the Federal Treasury from the bill is estimated to be \$60 million per year. Treasury officials advise us that they anticipate 5 million claims for refund will be filed as a result of this refund procedure. By simple arithmetic you can arrive at a very small average annual refund that might result. But the relief is even more distorted than that when it is realized that many of our small farmers do not own mechanical equipment used on the farm that consume either gasoline or special fuels. Therefore, I suggest that while some farmers will realize no gain from this provision, the large corporation farm may realize another Republican windfall.

I do not quarrel with any economic relief that might be granted to any farmer. We all recognize that little benefit has befallen our American agriculture since the Eisenhower administration took office. The Democrats are anxious to do everything possible to assist the small farmer, the medium size farmer and the big farmer in their present Republican plight. We Democrats want to restore to our entire farm population the prosperity and economic well-being that was enjoyed by that important segment of our economy under Democratic administrations. I would suggest that the time is long overdue for the Congress to relieve the American farmer of the shackles of the "dynamic conservatism" for agriculture that has been imposed upon him to his economic detriment by the Eisenhower administration.

My congressional district is essentially industrial in character. The people I represent come from the factory, the shop and the store but like the farmer they are Americans who work with their hands and with their minds. They join me in realizing that the farmer's economic well-being means their economic well-being. For that reason I have always supported forward-looking farm legislation because I knew that my vote was not only a vote for my constituents but also a vote for the economic integrity of America.

I believe it important, Mr. Speaker, that we make it clear that by granting this tax relief to agriculture we are giving no suggestion of endorsing the principle of earmarking funds so that Federal revenues derived from highway uses

would be solely used for highway purposes. I believe it would be dangerous if an inference should be drawn from this legislation that the Congress intends such an implication of earmarking. Rather than being intended as earmarking legislation, this measure has been favorably reported to the House by the Committee on Ways and Means to partially relieve the farmer from the price-cost squeeze that has been imposed upon him by the irresponsible and short-sighted Republican farm program.

It is my hope, Mr. Speaker, that the Eisenhower administration will see fit to support other meritorious tax legislation that will grant more substantial tax relief to not only our American farmers but to all our American taxpayers. It is essential that such tax reduction, particularly granting relief to low-income taxpayers, be enacted during this session of Congress so as to restore balance to the Federal tax burden borne by our citizens. This balance was distorted by the tax cuts given primarily to corporations and to high-income families during the Republican 83d Congress. I would suggest to the responsible fiscal officials of the Eisenhower administration and to my colleagues in the House that tax reduction which would restore our taxing system to the principle of taxation according to ability to pay is long overdue. In the meantime, I support the enactment of H. R. 8780.

The Dairy Industry

EXTENSION OF REMARKS OF

HON. WALTER NORBLAD

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 31, 1956

Mr. NORBLAD. Mr. Speaker, under leave extended to me today, I include herewith the address by the Honorable JOHN BYRNES of Wisconsin before the Wisconsin Farm Bureau Federation:

TEXT OF REMARKS OF REPRESENTATIVE JOHN W. BYRNES, OF WISCONSIN, BEFORE THE WISCONSIN FARM BUREAU FEDERATION, GREEN BAY, WIS., NOVEMBER 15, 1955

I face you with mixed emotions. I am, of course, honored that you include me on your program. I've greatly admired your organization and its splendid and constructive work at National, State, and local levels. On the other hand, I recognize that I am a novice speaking to experts. That puts me on a bad spot.

You are farmers. You have spent your lives building the dairy industry into the principle economic force in Wisconsin. You have intimately experienced the problems of that industry. As Representative in Congress from this area and this State, I have been only a student of your problems. My endeavor has been to learn about them as best I can in order to judge what Government can and cannot do to assist in solving them—not only for your best interest but for the best interest of all of our people.

I hope you will excuse my presumption, therefore, in speaking to you about the dairy industry. I promise to confine myself to those aspects with which I am most familiar—the economics and politics of the dairy problem.

We're hearing a lot from the politicians these days about the role of the Federal Government in solving the dairy problem.

In the western part of the State, Congressman JOHNSON calls for the maintenance by the Government of a fixed, high price for milk—with the details worked out pretty much by the Farmers Union.

Congressman REUSS, who represents the lush green pastures of Milwaukee, calls for Federal payments to farmers to make up any deficit in their income—with the details to be worked out by the Department of Agriculture.

Mr. Adlai Stevenson opposed high rigid Government price supports from this same platform last month. Within a few weeks, however, he changed his mind and supported them.

Our junior Senator from Wisconsin wants the Government to provide 100 percent support for milk. And our senior Senator wants the Government to guarantee a minimum return for milk with direct subsidy payments to make up any difference.

These are all political solutions for the dairy problem. They are political because they rely entirely upon massive action by the Government for success.

We will never solve the dairy problem, or the farm problem, as long as politicians feel they must compete with one another in offering bigger and better pie-in-the-sky in the hope of getting the farm vote. A basic responsibility of the politician, it seems to me, is being honest and practical in dealing with public questions.

These political solutions fail on both counts.

The vote-catching gimmicks each one offers are of dubious practicality. The dairy problem will not be solved with gimmicks.

On the score of honesty, each plan suffers from a lack of candor. They stress what they hope you will get, not what you have to give.

Each one of these political solutions would necessarily put the Federal Government smack in the middle of your milk house, watching you like a hawk every time you patted the rump of your best producer.

Make no mistake about it. Every plan that makes it mandatory for the Government either to maintain high prices through loans or purchases, or provide producer subsidies in the form of deficit or production payments, must inevitably provide for Government control of the volume or amount to be produced. To work at all, such plans must include effective controls because, without controls, they are doomed to failure before they even start.

Their purpose is to provide a Government-guaranteed high return for milk. Unless curbed in some way, the natural result of such guaranteed high return is greater production and no program can long be continued which produces milk for which there is no market.

We can't forget that the overall 7 percent increase in milk production in 1953 and 1954 under 90 percent supports, piled up over a half-billion dollars worth of dairy products in Government warehouses, resulting in storage charges alone of \$1¼ million a month. And, costly as a high support purchase program is, the cost of direct producer payments is even more. A direct payment program, at 90 percent of parity, based on present levels of production, would result in a charge of \$1¼ billion a year upon the Federal Treasury. What it would be under the vastly increased production which would result from such a program without production controls is impossible to estimate.

Let us also face the political realities.

Such programs will never be authorized by Congress without production controls—no matter what the politician promises in his speeches.

The House of Representatives had an opportunity to vote for higher milk supports

last May. The House turned the amendment down overwhelmingly, much to the chagrin of those who had so glibly promised the adoption of a higher milk support program during the congressional election just 7 months earlier.

It was made clear during that debate that, if you want higher milk supports from Congress, you have got to take production controls to get them.

The chairman of the House Dairy Subcommittee put it squarely on the line. He said, "when dairy farmers ask for a control program and are willing to accept marketing quotas in consideration of 90 percent supports * * * I will be on their side." His position was confirmed by the chairman of the full Committee on Agriculture and other committee members.

Let me repeat.

Adoption of any of the political dairy plans we have heard throughout Wisconsin this fall means imposition of production controls upon the Wisconsin dairy farmer. Without controls, they will not work. Without controls, they have no chance of being enacted.

It seems to me, therefore, that it is high time we took a close look at milk production controls. With high-ranking politicians criss-crossing the State all proposing programs which lead to such controls, we have a heavy obligation to ourselves and to this great dairy industry in Wisconsin to find out exactly what they would mean. Already, some farmers in Wisconsin, attracted by the wrapping on the package have indicated they are ready to buy. The time has come to take a closer look at the price tag, and when I say "price tag," I mean more than just dollars and cents.

What are the problems involved in Government control of milk production? How will it work, and how will it effect the Wisconsin dairy farmer?

Fortunately our experience with Government controls a few years back is still fresh in our minds. Price controls, rent controls, wage controls, indirect production controls by means of allocation, we had them all. Our memories certainly are not so short that we have forgotten the redtape, the inequities, the individual hardships resulting from these programs. Let me say this. Those inequities, redtape, and hardships will be like child's play compared to those which will raise from any program to control milk production.

Leaving aside the problems of determining overall production levels, enforcement, and the administrative complications, let's take a brief look at the problem of distributing any sales quota among over 3½ million farmers producing milk.

Keep in mind that the object of these controls will be to reduce the amount of milk being produced. That means that some dairy farmers are going to be forced to cut back their present volume. Will the cutback be applied to all areas proportionately? Of course not. It will be necessary to define certain areas—such as those serving fluid-milk markets—as nonsurplus areas. Because of the problems growing out of the distribution of milk, the tendency will be to select certain areas for exemption and to define other areas as surplus producing areas. The cutbacks will be applied, of course, to the farmers in so-called surplus producing areas.

In addition to the area distribution problem, there is the problem of determining individual quotas within an area. For the same reason that areas with a high volume of manufacturing, or surplus, milk will bear the brunt of control, so the individual farmer within an area who is shipping to processing plants will bear the chief burden of the cutbacks.

It must be expected that individual quotas will be allocated on the basis of actual production during some arbitrary period which

may or may not represent normal production. If a farmer was just starting operations during that period, or if he had met with some unfavorable production conditions, his quota will be lower than it should be. His entire operations will be frozen by what is bound to be an arbitrary and discriminatory formula. He will be at the mercy of some Government bureau.

Now, let's turn from generalities to the specific. Let's examine a production control for milk which has seriously been proposed by a national organization which purports to speak in the interest of the farmer—the Farmers Union.

The president of the Wisconsin Farmers Union, as a matter of fact, presented this program to Congress last June.

Under the plan, a national quota would be set and then distributed to the States, by the States to the counties and by the counties to the individual farmers. Compliance would be obtained by depriving non-cooperators of support payments as well as fining them for every pound of milk sold above the quota. Farmers with less than 5 cows, or less than 30,000 pounds in sales, or farmers selling class I milk under a Federal order, would be exempt from quotas.

The Farmers Union plan sounds simple. Combined with high support prices, it may even sound attractive. It is neither. It is a snare and a fraud upon the Wisconsin dairy farmer.

Note the exemptions. Note those who will not be controlled, who will not have to cut back their production but who, if they desire, can even increase their production.

First, it removes the 5-cow or less than 30,000 pound producer. That doesn't cut out many Wisconsin farmers, but it does exempt a lot of other farmers in the country. It exempts, in fact, over 2 million of the 3½ million farms with milk cows.

More important, it exempts all farmers "producing solely for class I sales under a Federal or State milk order."

In Wisconsin, about 22 percent of our milk falls in this exempt category. That means that 78 percent of our production would be subject to control. Take a look at some of the other big dairy-producing States. In New York, 80 percent of the milk is sold under Federal or State milk order. In Pennsylvania, 100 percent of the milk is sold under such orders. Mr. Honess has concocted a device which puts a lovely squeeze on Wisconsin farmers, exempting every pound produced in Pennsylvania, 8 out of every 10 produced in New York, and controlling 80 percent of Wisconsin's production. Keep in mind that these fluid milk areas would be free of controls even though a good share of their milk goes into manufactured products.

When I say the burden would fall upon Wisconsin farmers under the Farmer Union plan, let me get specific. That plan would have resulted in 9-percent reduction on the 107 million pounds produced in 1954. But this 9 percent would have to come from the 60 billion pounds produced in nonexempt areas outside of the marketing-order areas. Instead of a 9-percent reduction, it would have amounted to a 15-percent cut in production for nonexempt farmers—8 out of 10 Wisconsin farmers. If the quotas furthermore, as Mr. Honess implies, apply to milk sales only and do not include sale of farm-separated cream, the reduction required would have been 25 percent.

Let me make it clear that the disastrous results of the Farmer Union plan upon Wisconsin dairy farmers apply equally to almost any production-control plan devised. Wisconsin is a surplus-milk-producing State. We produce 13½ percent of the Nation's milk with only 2 percent of the population. We are the No. 1 State in the production of manufacturing milk. With 10 percent of the milk cows, we produce over 20 percent of the milk used in manufacturing in this

country. In any production-control plan, as I mentioned earlier, Wisconsin will be considered the No. 1 State as far as surplus production is concerned. Wisconsin will be the No. 1 State so far as cutback in production is concerned. The Wisconsin farmer will bear the brunt of any control program which can be devised.

The exemption of marketing order producers will put the Wisconsin farmer at a further disadvantage. The exempt farmer, already overproducing beyond the needs of the fluid-milk area, under the impetus of high prices would do everything he could to further increase his production—and profits. The Wisconsin farmer would be a controlled farmer forced to reduce his herd and his milk volume. The New York or Pennsylvania farmer would be a free farmer, taking advantage of Government-guaranteed prices with unlimited opportunity to increase his production and sales.

I am amazed that such a plan could be authored and fostered by an organization representing Wisconsin farmers. Mr. Honess and the Farmers Union would serve the Wisconsin farmer better by fighting such a plan every step of the way.

Yes, the price tag of milk-production controls comes high.

In my opinion, to shackle the Wisconsin dairy farmer with such controls would be a disaster not only for him but for his industry and the general economy of our State. Nationwide, it would be a long, possibly fatal step along the path toward Government regimentation of the farmer.

Yet, that is the price that must be paid for the pie-in-the-sky schemes offered by those who have become panic stricken as the result of the unfavorable price developments in the milk industry during the past 2 years.

They seize upon such calamitous solutions because they ignore the causes of this decline and are seemingly unaware of what has happened since.

We have had falling milk prices because of two great economic forces at work at the same time. In 1953, urged on by high milk prices in 1952, we had a gigantic increase in milk production. In the same year, we had the lowest per capita rate of milk consumption in our history. The result was inevitable—drastically lower milk prices. Such prices, combined with high production costs, have produced a tragic decline in net income to the dairy farmer.

Certainly, we must all be concerned with this development. We cannot turn our backs on it. We'd better make up our minds, however, that there is no simple and easy panacea for our troubles.

Fortunately we have had a Government which unlike some politicians, has refused to panic. It has taken the hard, unpopular, undramatic steps necessary to correct these two great maladjustments. Those steps are aimed at leveling off production and increasing consumption. In taking them, the Government, and particularly the Secretary of Agriculture charged with executing its policies, has incurred the wrath and resentment of many dairy farmers.

This search for a handy whipping boy is understandable in view of the hardships which falling milk prices have brought about.

It's time, now, however, to be honest with ourselves and ask whether it is realistic to blame our troubles on those taking the painful measures needed to correct a critical condition, or if it is not more in accord with the economic facts to place the blame where it belongs—on the war and rigid supports which largely caused the disastrous overproduction and the lowest per capita consumption in our history.

The time has come, too, to decide whether we wish to accept political solutions which would go far toward destroying our industry, or whether we wish to give wholehearted support to a program, however painful at the

start, which has taken us through a critical period and is putting us on the road to recovery.

The panic-stricken have failed to consider what is happening in the dairy industry today. They have failed to read the signs pointing toward a solution to the dairy problem in the market place—where the only sound solution to our problems is possible.

Under the policies pursued by your Government, there has been a dramatic change in the outlook for the dairy industry.

Whereas, 2 years ago, milk prices were headed down, today they are headed up.

Whereas, consumption then was hitting all-time lows, today it is steadily growing.

Whereas, then, production was increasing way out of proportion to demand, today it is leveling off to manageable proportions.

Government stocks of cheese have been cut from 120 days supply to 80, butter stocks from 120 days supply to 28, and powdered milk stocks from 300 days supply to 18. We are disposing of dairy products in Government hands faster than we are purchasing them.

Of particular note are the dramatic increases in dairy products shipped abroad which your Government has been able to achieve. In the last fiscal year, we sent overseas 25 percent more powdered milk, 4 times as much cheese, 10 times as much butter oil, and 15 times as much butter as in the year before.

Barring a large increase in production next year, we can look forward to a comparative balance between production and consumption which will have a beneficial effect upon milk prices everywhere.

This is no time, I respectfully submit, to trade a working program for a gimmick and a noose.

I do not contend that the present program is perfect or complete. No program ever is. One of the particularly urgent problems which must be solved is the problem of keeping acres diverted from basic crops out of milk production. Such diversion is a major factor in bringing about large, sudden increases in milk production with their disastrous effect upon prices. The soil-bank program, on which the administration is working, and on which it is receiving such valuable advice from your federation, holds great promise. And, it goes without saying, there is much more that can be done, through cooperation between producer and government, to bring about increased efficiency in production and distribution and increased consumption.

Combined with realistic price supports, these steps will give us a dairy program which looks to the market place, instead of a Government bureau, for the farmer's income.

That market place in 1960, I am advised by the Census Bureau, will comprise 179 million people. This means that, in 5 years, there will be 14 million more people to feed with a potential consumption of 10 billion more pounds of milk each year.

To capture and hold that market we must cultivate it. We will not cultivate it by pricing ourselves out of it, by accepting Government-imposed cuts in production, or by making ourselves unprepared to serve it. It will be captured like any other market in America—by furnishing the best possible product in the quantities needed at the lowest profitable price.

It is this choice we must make.

I urge your rejection of any solution which places your economic freedom in the hands of a few men in Washington and your income in the lap of a fickle Congress. If you choose wisely, I for one have no doubt concerning the future of dairying in Wisconsin. It will continue, as it has in the past, to form the solid economic base upon which we can build, in this great State, the good life for us and our children.

so much in accord with the realities of the world, that it more than holds its own in the propaganda field. Thus, in explaining why our country takes a dim view of joining Russia in the sort of treaty proposed by Marshal Bulganin, Mr. Eisenhower has emphasized that the full substance of such a pact already exists in the multilateral United Nations Charter. And he has further emphasized that the words of that solemn agreement have not prevented the present state of international tension. And why have they failed in that respect? The answer is simple: Because they have been honored more in the breach than in the observance by the Soviet Union.

President Eisenhower has not stated the case quite so bluntly as this. Nor has he made any direct reference to the Kremlin's recent denunciation of its friendship treaties with France and Britain, or its past shocking violations of similar pacts with countries like Finland. But he has said enough, and eloquently, to make clear why the United States is in no mood to sign an agreement of this sort with Russia—a mere paper accord that might actually work against the cause of peace by creating the illusion that a stroke of the pen had achieved a result which, in fact, can be obtained only by a change of spirit." It is the change of spirit that is needed most of all right now—a change that would translate the Soviet Union's fair words into deeds of comparable fairness as regards such issues as German unification, self-determination for the satellite countries, and disarmament.

Certainly, it cannot be said that the Kremlin's performances on these matters have lived up to its promises. In Mr. Eisenhower's words, there is no honorable thing that the United States would not do to promote world peace, but what is imperative above everything is some concrete evidence of Russian good faith.

Millions of Acres and They Want More

EXTENSION OF REMARKS

OF

HON. EDGAR W. HIESTAND

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 30, 1956

Mr. HIESTAND. Mr. Speaker, there is bipartisan agreement that our biggest domestic problem concerns the surplus of farm commodities. The President has wisely recommended the creation of a soil bank to prevent adding to that surplus.

But despite this surplus, we face a bill which would build a series of dams in the upper Colorado River States, thereby creating more farm acreage to add to our surplus of crops. I call it the upper Colorado River boondoggle.

Just how inconsistent can we get?

I direct your attention to an able editorial in the Los Angeles Times of January 26, 1956. I am sure most Members will agree it makes sense.

MILLIONS OF ACRES AND THEY WANT MORE

The Bureau of Reclamation argues that the upper Colorado project is needed for the future. This is the answer to those who point out that our regular surpluses do not indicate the need for the half-million acres which would be brought into cultivation (at a cost of about \$5,000 an acre) in the upper Colorado country. The Bureau insists that a growing population will need

one day the food and fiber which can be nursed from this feeble land with costly injections of river water.

Representative CRAIG HOSMER has documented the best reply to this crystal gazing. He says there are 21 million acres of good cropland lying idle in 19 Eastern, Southern, and Midwestern States. "They are not woodland or pastureland. They are good, unused farmland in soil classes I, II, and III."

These 21 million acres are in addition to the 40 million acres which the administration proposes to retire from production temporarily in a soil bank and reserve. The total of good, unused farmland under the soil-bank plan therefore would be around 61 million acres, and that's nearly twice as much as all California's farmland, good, bad, and indifferent.

Mr. HOSMER got his figures from the United States Soil Conservation Service. The unused land, all privately owned, is in humid States, where irrigation is unnecessary. Some of it has been cultivated but now lies unused. All of it could be brought into production at costs ranging from \$15 to \$150 an acre. It lies in States from Florida to Minnesota, from Arkansas to Ohio.

How far into the future is the Bureau of Reclamation looking? First, we have our surpluses to consume. Then, as the needs of a growing population call for it, 61 million acres of fruitful land can be reconverted. And then the Bureau can call for its billions for reclaiming the lean and frosty Colorado River highlands—or even for a project on the moon. For certainly we are not going to need the upper Colorado land before moon communications are established.

Taxes on Gasoline and Special Fuels Used on Farms

SPEECH

OF

HON. JOHN BELL WILLIAMS

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Monday, January 30, 1956

Mr. WILLIAMS of Mississippi. Mr. Speaker, I hope there will be no opposition to this bill. The American farmer is suffering from what is probably the worst farm depression since the early thirties. The exemption of fuel used on the farm from Federal gasoline taxes will lower the cost of farm production very little, but in the light of the farmers' present plight, he needs all the help he can get.

Mr. Speaker, many suggestions have been advanced for alleviating the farm situation which is admittedly drastic. Last year, the House passed legislation restoring a fixed 90 percent parity support for basic commodities. Should this bill pass the other body and become law, I am certain it will be of a great deal of help to the farmer.

There is no need to deceive ourselves, however, into believing that any domestic program we may adopt will be the answer to our problem. If we are to solve this crisis, we are going to have to recapture our world markets which we have lost through vacillating foreign policies. We will never recapture our world markets until we wake up to the fact that we are subsidizing our foreign competitors with our tax money. American farmers are being taxed to sub-

sidize their competitors all over the world. Such inane policies are slowly but surely driving our farmers out of business.

The time has come to face up to the facts. Foreign aid is slowly but surely wiping out the family farm.

U. S. News & World Report recently made public a survey showing that the average southern cotton farmer received only 7 cents an hour for his labor, while the average industrial worker received well over \$1.50 per hour. The latter has no investment while the farmer has his life's earnings invested in land and machinery. No interest is earned on this investment, of course.

Anniversary of Ukraine Independence

EXTENSION OF REMARKS

OF

HON. EDWARD A. GARMATZ

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 31, 1956

Mr. GARMATZ. Mr. Speaker, on January 22 the observance of the 38th anniversary of the independence of the Ukraine was celebrated all over the world, that is, all over the free world, where people could give expression to their thoughts and feelings, without fear of reprisal.

This observance should cause us all to pause and think again of the wonderful blessings of liberty and the terrible price which has been and still is being paid to regain and preserve freedom.

As far back as the ninth century, the Ukrainian Kievan State has been struggling to maintain its independence. Ukraine was one of the first victims of the Communist conspiracy, but despite the destruction of its national churches, the horrible famines, the mass murders, purges, and deportations, the fires of patriotism have not been extinguished. On the contrary, these scourges have but served to strengthen their national pride and loyalty and their determination to continue their fight for freedom and independence.

What does all this mean to the citizens of our country? It means that we must use every resource at our disposal to make known to those nations which are still free, the real meaning of communism, with its policy of enslavement, domination, and destruction of all personal liberties. We must encourage them, and our own people also, to be constantly vigilant and alert to the spread of communism, so we may all be enabled to fight it at every turn, to retain our freedoms.

It means also that we must, by whatever means it can be done, let the people of the Ukraine know that we are in sympathy and full accord with their efforts to regain their freedom and stand ready to do everything in our power, as a nation, and through the United Nations, to help them, so they may again be restored to the community of free and independent nations of the world.

Tax on Gasoline and Special Fuels Used for Farm Purposes

SPEECH
OF

HON. OVERTON BROOKS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 30, 1956

Mr. BROOKS of Louisiana. Mr. Speaker, of course, I support H. R. 8780. It is a bill which will relieve farmers of the necessity of paying an excise tax on gasoline purchased by them and consumed by them on the farm. This bill corrects an injustice of long standing and by permitting this tax exemption it places Congress in line with our own State Legislature of Louisiana in this respect.

The Federal road program is and should be largely a program providing interstate highways. These highways are needed for national-defense purposes, and they stretch from one end of the land to the other. They are not local in their purposes but are intended to facilitate commerce throughout the land.

We are about to pass another huge road program. This program will provide billions of dollars for interstate highways, needed largely for national defense. It is proposed, however, that such a bill be financed by an addition to our gasoline tax. The farmer is not interested especially in this program. It will provide no special benefit to him any more than to any other individual in the country, and I think it is an act of simple justice that he be relieved of the burden of paying the tax on gasoline and diesel fuels that has nothing to do with the road program.

It has well been said by an able Representative from the State of Tennessee on this floor in the past 2 days that the American farmer is now caught in a price squeeze. While our industrial economy hums on at high pitch, the farmer's condition has steadily declined. Prices for things he purchases continue to mount and his expenses increase with the high cost of doing business in an inflated economy. At the same time, the prices which he receives for his own commodities steadily decline. Unless he is exempt, he faces the possibility that the Federal road tax may be further increased and his burden of taxation may be increased at a time when his financial condition does not permit him to reach out and assume new obligations.

This bill will save our American farmer \$60 million. Farmers will file applications to be relieved of the excise tax on gasoline and farm fuels once a year, at the end of the fiscal year. They will receive from the Treasury a check for the amount that they have paid in, representing the tax paid for farm-used gasoline and diesel fuels. In our free economy the sum of \$60 million is a small amount. To the average farmer it is a saving which will be of great assistance to him in this period of economic pinch which is pushing him slowly into an intolerable position.

Iowa's Warren County NFO Prepares Resolutions

EXTENSION OF REMARKS
OF

HON. PAUL CUNNINGHAM

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 31, 1956

Mr. CUNNINGHAM. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to call to the attention of the membership an article in the Record-Herald and the Indianola Tribune, Indianola, Iowa, on January 26. This article deals with the present farm problem and sets forth the Warren County National Farm Organization resolutions:

WARREN COUNTY NFO PREPARES RESOLUTIONS—ORGANIZATION NOW HAS 1,100 MEMBERS

The National Farmers Organization of Warren County has progressed beyond the mere protest stage and has adopted the skeleton of a farm plan for which it will stand. The resolutions were outlined at a meeting of county and township officers at the courthouse January 16. A copy of the final draft has been furnished for publication.

The organization now has 1,100 members and is growing, according to John Goodhue, county president. The Fifth Congressional District is fully organized. Mr. Goodhue says organization is going forward in other districts and it is hoped to have the State organized within a short time.

The resolutions call for a universal restricted production, according to need, with restrictions on bushel, rather than acreage, production. The plan, in its entirety, would apply not only to grain, but to livestock, dairy, and poultry as well. It would provide for cross compliance so that a farmer, restricted on corn or wheat, could not put the retired acreage in some other feed or fiber crop.

The resolutions are as follows:

WARREN COUNTY RESOLUTIONS

"We, the members of the NFO of Warren County, Iowa, believe that—

"1. No farm program should be inaugurated unless it has the approval of 65 percent of the producers by popular vote.

"2. That the administration and regulation of any and all farm programs should start at the township level as indicated by popular vote and progress systematically up to the county, the district, the State, etc.

"3. If we insist on 100 percent parity (which we believe we are entitled to) it will be necessary to control production of all grains, fiber crops, livestock, and livestock products, including dairy and poultry.

"4. It will be necessary to have what is known as a cross compliance program. In other words, a producer would not merit the benefit of controlling the production of any one farm commodity if he failed to meet the requirements of control of any and all other farm commodities.

"5. All grain and fiber quotas should have a provision for penalty for exceeding that particular quota by an amount equal in value to that part which was in excess of the established quota."

COUNTY COMMITTEE

"6. All administration, regulation and operation of quotas to be placed in the hands of an elected county committee who with the aid of townships or parish committees shall grant, establish and allocate allotments to comply as near as possible

with regulations outlined by the State, regional, and national committee. Any producer, if dissatisfied shall have the right of appeal to an agency expressly set up for that purpose.

"7. Farm and feedlot progress and efficiency should be maintained, and we pledge our cooperation in the furthering of better and cheaper production. But in view of the fact that there are many small farms that will be severely handicapped by the application of quotas both as to grains and livestock, we respectfully ask that very consideration be given these smaller operations as to establishment of quotas.

"8. We believe that as far as possible the grain feed allotments be made on an acreage rather than a historical base. We realize the importance of history in the formation of quotas for wheat, malting barley, flax and other related crops.

"9. In the establishment of livestock quotas, that an allotment should be established with history being a primary factor, but that other factors such as adaptability, facilities already established and potential and type of farm should also be considered."

WORLD LICENSE PROCESSORS

"10. A representative group of our organization should be selected to work with the Secretary of Agriculture on research work to enact and embody into law granting the United States Department of Agriculture the right to license processors and to negotiate with the processor for a parity price based on the orderly marketing of the required number of units of any particular commodity required by the consuming public, and to further set up requirements and grades as agreed upon by the processor, the producer, and the United States Department of Agriculture and the consuming public.

"11. We further believe that the storing and sealing of crops and commodities be regulated to a point that it would be consistent for the protection of all parties concerned against drought, pestilence, war, or any other hazard. We believe that any additional storing constitutes a burden depleting our soil for no advantage whatsoever and for that reason we ask that bushel allotments be put on wheat rather than acreage allotments.

"12. That there should be an immediate halt called to the reclamation of arid lands, and as far as feasible discontinue the leasing of Government owned lands for the production of meat animals."

The Third World War

EXTENSION OF REMARKS
OF

HON. ALVIN M. BENTLEY

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 31, 1956

Mr. BENTLEY. Mr. Speaker, under leave to revise and extend my remarks in the Appendix of the RECORD, I wish to insert the following article from National Review magazine entitled "The Third World War" by James Burnham:

THE THIRD WORLD WAR

(By James Burnham)

PANGS OF FRIENDSHIP

- It was reported from Karachi a few days ago that a number of Pakistani political leaders want their country to cancel its present agreements with Washington, and to withdraw from the Anglo-American sponsored Baghdad Pact. They have a plain argument. The United States, they point out, is not supporting Pakistan in either of

dering to the weaknesses of the addict through the sale of narcotics. Let us hope this renewed activity by local police and Federal authorities will mean the end of the road for the pushers.

Our Civil Defense Agencies

EXTENSION OF REMARKS

OF

HON. CHARLES S. GUBSER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 31, 1956

Mr. GUBSER. Mr. Speaker, frequently our civil-defense agencies are criticized unfairly. Rarely are the fine accomplishments of these agencies given the publicity they deserve. The enclosed article from the Sunday supplement of the Palo Alto Times, Palo Alto, Calif., is an exception to the rule, and I submit it herewith for insertion in the RECORD: THE NIGHT OF THE FLOOD—CD'S CHANCE TO "PUT UP OR SHUT UP"

(By John Hubbard)

("Civil defense," the man said, "is a laugh. It's a bunch of guys playing a game. Just wait until something really happens and then watch them fall flat on their foolish faces.")

No one knows exactly when the fateful logjam started building up in the culvert that channels San Francisquito Creek under a Bayshore Highway bridge and directs its flow out toward the bay.

Maybe it was during the early evening hours of December 22, 1955, when the muddy current, already badly rain-swollen, swept high along the creek banks west of Palo Alto and in the city itself, and began pulling down debris that had previously been considered safely above the high-water mark.

Or maybe it wasn't until later, until the night, when the winds howled with hurricane fury and the dark clouds unleashed the total power of their torrential contents and the creek became a surging, enraged river.

The time it happened is not so important. But the fact that it happened is.

Because the logs and the other debris laid a dam in the culvert, created a freak barrier that stopped the water from following its natural course and sent it rolling back toward the city.

About midnight, then, the inevitable occurred.

The creek, fed by an unprecedented runoff from the high flatlands and foothills to the west and choked off at Bayshore to the east, swept over the tops of the levees in one of Palo Alto's finest residential areas, timidly and tentatively at first, then—gathering momentum—with increasing violence.

It coursed waist high along the streets, ran through the back yards and flower gardens, and came rushing into scores of homes, shocking into confused wakefulness hundreds of unsuspecting men, women, and children.

At the city hall City Manager Jerry Keithley, informed of the spillover, conferred hastily with his aides, thought for a moment, then announced his decision:

"It's more than our own personnel can possibly handle. Call out civil defense."

("Civil defense," the man said, "is a laugh. It's a bunch of guys playing a game. Just wait until something really happens and then watch them fall flat on their foolish faces.")

Keithley's words set into motion a crucial chain of events. For this was the moment toward which 6 years of preparation had been directed. This was the peninsula's first big-scale, under-fire test of a volunteer organiza-

tion that had been alternately intensively trained, then neglected; hopefully praised, then maligned.

This was the acid examination of the paper planning and the mock drills that had begun brightly with the Korean war, only to sputter uncertainly in the years of peace that followed.

This, in the teeth of the worst storm in recorded peninsula history, was civil defense's chance to put up or shut up.

Acting on Keithley's instruction, City Personnel Officer Wilbur Wagstaff, who doubles as Palo Alto's deputy civil defense director, and Fire Chief Louis Ledford, the assistant civil defense director, went rapidly to work.

With the help of other key workers operating in the city hall's civil defense nerve center, they notified the Red Cross that hundreds of people would have to be evacuated from the danger area; they contacted civil defense transportation boss Worth Prine to tell him the floodwaters were already too high for automobiles to bring out the threatened residents, that bigger vehicles would be required; they called Eric Edberg, representative of the local radio "hams" who had signed up for civil defense duty; they saw to it that an evacuation center would be established at Jordan Junior High School, which had been previously designated as an emergency shelter; they asked Dr. Herbert Brown, head of the civil defense medical unit, to send doctors and nurses to the school.

All these contacts, and others, took only a few minutes, because the procedures had been set down in black and white long before.

But then the civil defense leaders sat back to wait, perhaps with figurative fingers crossed, to see how soon—and how effectively—the reactions would come.

The wait was surprisingly, gratifyingly short.

Almost immediately the "hams" were on the job, keeping the air waves crackling with coordinating reports, water-level bulletins from critical creek areas other than the flooded districts, evacuation information.

Quickly, too, the Red Cross took charge at Jordan School, arranging for beds, preparing hot food for the evacuees.

In less than an hour, Palo Alto Transfer & Storage Co. vans were slogging along flooded streets, gathering up human cargoes from the water-swept houses, carrying them to the shelter.

When the water became too deep even for the vans, amphibious equipment was called in from Moffett Field to aid in the life-saving project.

And as the evacuees arrived at the school, the doctors and nurses were there to tend to their needs.

But, fortunately, not much medical work was required.

The evacuation went so smoothly, so rapidly that physical suffering was held to an almost unbelievable minimum.

Despite the fact that nearly 1,000 people had to be evacuated, there was not a single drowning, not even a recorded serious injury.

As Keithley said later:

"I think it was a miracle no one was killed. That water was running mighty high and mighty hard. I know; I was out in it. It could have knocked somebody over easily and swept him away. Every one of the 600 or 700 people who helped fight this flood deserves nothing but the highest compliments."

Added Ledford: "Without civil defense, the evacuation might well have been utter confusion. And that could have had deadly results. All those people waking up out of a sound sleep to find water racing through their houses. Why, when they came out to be evacuated, they had no idea of which way to go to reach safe ground because the water was flowing from several directions.

That indecision could have been fatal if CD workers and other personnel hadn't been there to show them the way out."

And Wagstaff: "I saw a lot of military operations snafued during the war, when things were supposed to be planned down to the last detail. By comparison, this went incredibly smoothly."

And Gardner Bullis, disaster relief chairman of the local Red Cross chapter: "Watching the evacuation, you could definitely see the advantages of CD planning. You could see all those drills and paper-work sessions paying off. I thought the order, the lack of confusion were quite remarkable."

("Civil defense," the man said, "is a laugh. It's a bunch of guys playing a game. Just wait until something really happens and then watch them fall flat on their foolish faces.")

That's what the man said. But if he was in Palo Alto that night of December 22, 1955, he's saying it no more.

Proposed Parkway Along C. & O. Canal Route

EXTENSION OF REMARKS

OF

HON. J. GLENN BEALL

OF MARYLAND

IN THE SENATE OF THE UNITED STATES

Thursday, January 26, 1956

Mr. BEALL. Mr. President, once again I feel I have a duty to call attention to one of the most amazing turnabouts I have ever witnessed within our Government. My reason for trying to get the facts to as many persons as possible is that the C. & O. Canal Parkway issue is not merely a so-called local problem but, in reality, is an integral part of our entire program for highway safety and defense transportation. There are many aspects to the matter which merit widespread consideration, and they were summed up in an extremely fine fashion by J. William Hunt, editor of the Cumberland (Md.) Sunday Times, in that newspaper's edition of January 22, 1956. I therefore ask unanimous consent that Mr. Hunt's excellent editorial be printed in the Appendix of the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ACROSS THE DESK

(By J. William Hunt)

TWO YEARS OF STUDY AND SURVEYS PRECEDED 1950 RECOMMENDATION THAT PARKWAY BE BUILT ALONG C. & O. CANAL ROUTE—SOME FACTUAL DATA THAT MAKES NATIONAL PARK SERVICE REVERSAL OF ITS POLICY UNDERSTANDABLE CAUSE FOR AREA INDIGNATION

On August 7, 1950, there was sent to Congress from the Secretary of the Interior (then the Honorable Oscar Chapman serving in the Cabinet of President Harry Truman) the reports asked by the 80th Congress on a proposed parkway along the route of the Chesapeake & Ohio Canal between Great Falls and Cumberland.

A letter of transmittal accompanied the joint survey reports of the Bureau of Public Roads, Department of Commerce, and of the National Park Service, Department of the Interior. Two years had been spent by these Federal agencies in a thorough survey of the advisability and practicability of constructing a parkway.

A bill introduced by J. GLENN BEALL (then Representative of the Sixth Congressional District) authorized the expenditure of \$40,000 for a joint reconnaissance study by the Public Roads Administration and the National Park Service * * * to determine the advisability and practicability of constructing a parkway along the route of the Chesapeake & Ohio Canal, including a report of estimated cost.

This authorization was approved by Congress on June 10, 1948.

Note that the original bill made the parkway a definite and important part of the survey.

Before any selfish interests had intruded on the scene; in an atmosphere unclouded by controversy, and in the careful thorough manner of doing a job assigned to them, the two Government agencies spent 2 years on reconnaissance surveys.

With what result?

In the 1950 letter of transmittal, signed by Dale E. Doty, Assistant Secretary of the Interior (acting for Secretary Chapman and with his approval) wrote to House Speaker SAM RAYBURN:

"I believe that the study has brought out the fact that it is entirely practical to construct a parkway along this canal and that it is advisable to do so, provided that the necessary additional right-of-way can be obtained."

In line with this proviso of additional land, the last session of the Maryland General Assembly authorized purchase of the needed acreage between Cumberland and Hancock.

It is our intention this week to trace this whole parkway situation factually from its beginning, and we hope the reader will follow the step-by-step accounts already given, even though it may seem like dull statistics. At the proper time our pent-up indignation at last week's complete reversal of attitude, over the signature of Conrad L. Wirth, now Director of National Park Service under Secretary Douglas McKay, may well break out in a manner competent to reflect the amazement and anger of the Cumberland area over one of the most high-handed and arbitrary actions of an Interior Department that has already incurred sharp criticism for some of its other policies and actions on a national scale.

What has changed the attitude of the National Park Service under McKay and Wirth?

Read this portion of the August 7, 1950, letter from the Department of the Interior to Speaker RAYBURN:

"Many advantages would accrue from construction of the proposed parkway:

"(a) The parkway would function as an approach to the National Capital in which capacity it would connect with the George Washington Memorial Parkway. It is important and fitting for the national status of the Capital area to be so recognized.

"(b) Recreation developments which have lagged far behind the population increase in this area could be provided by the proposed parkway.

"(c) The Government's investment in canal property which has not been utilized anywhere near its possibilities for recreation would be permitted to develop to the maximum on both local and national levels.

"(d) The parkway would provide a controlled access road facility from Washington into the mountains with the assurance of rapid uninterrupted traffic in time of need.

"(e) The project would have outstanding scenic and historical interests that could be developed on the theme of 'The historic gateway to the westward.'"

And here is the concluding paragraph from the Department of the Interior 5 years ago:

"I concur wholeheartedly in this report as I believe that the study has fully disclosed

that such a parkway would be both practical and advisable in addition to being economical to construct."

In the namby-pamby statement issued by the present Director of the National Park Service (Wirth) are several instances of a lack of comprehension of the facts.

Here is one illustration:

"A road should not be built on it (the canal)," Wirth writes.

The 1950 report does not propose building the parkway on the canal bed. As alternatives in locating the parkway, the original report mentioned two road locations that would not obliterate the canal bed, and as a third location merely mentioned that this last of three "possible" roadways would "involve the full use and practical obliteration of the canal prism * * * but very little of the length of the canal would require this type of location."

Here is the part of the 1950 report the present National Park Service director should read:

"One type of location would be on the towpath and extending outside the towpath so as to leave the entire canal prism intact. Where a two-lane divided roadway was needed in such cases, one roadway might lie on each side of the canal. * * * A second type of location would lie on the towpath extending into the canal prism, and leaving only a trace of the ditch."

Thus the first mentioned location and type of construction would preserve the canal and also provide for a parkway.

All honor to Senator Beall and Representative Hyde and to Senator Charles M. See and the Allegany County delegation for their splendid work in behalf of the parkway, and to all others who have "fought the good fight" for this most desirable public improvement. Senator Beall inaugurated the project and if we know our fellow countryman he is not the kind to give up such a worthy undertaking without a battle.

This is only an opening shot. Let us all fight harder than ever for the parkway and against the mysterious reversal of policy that stems from the present occupants of the posts of power in the Department of the Interior!

Tax on Gasoline and Special Fuels Used for Farm Purposes

SPEECH

OF

HON. JOHN V. BEAMER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 30, 1956

Mr. BEAMER. Mr. Speaker, as a farmer myself and as a Representative from the Fifth District of Indiana that boasts of some of the finest farm land in the United States, I feel that I am deeply conscious of the fact that the farmer is not sharing in this Nation's unprecedented economy. Many letters come from farm friends and I have visited hundreds and thousands of farmers.

The big majority suggest that some help in solving their problem will be appreciated. The elimination of the excise tax on gasoline and lubricating oils used for agricultural purposes is one of the measures that will bring immediate relief to farmers.

I introduced a similar measure, H. R. 8586, and appreciated the prompt action taken by the Ways and Means Committee on these measures. It is hoped that

the Committees on Agriculture in the House and Senate will give prompt attention to other proposals helpful to the farmers.

Fast Depreciation in the Jet Age

EXTENSION OF REMARKS

OF

HON. ALBERT P. MORANO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, January 30, 1956

Mr. MORANO. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to include a news story which I released today concerning the plight of homeowners victimized by vibrations caused by jet airplanes.

According to the Armed Services Committee, this problem is becoming a national headache, with no suitable solution in sight.

As a matter of fact, I have noticed many mysterious cracks appearing in the walls and ceilings of our own house in Greenwich, Conn., situated in the vicinity of the Westchester Airport, White Plains, N. Y. The only trouble is that, try as I may, I cannot identify the make and branch of service of the planes, nor am I certain they are the culprits. Up to now my hobby has been bird-watching, a most relaxing and rewarding pastime in the quiet country. Perhaps now the Nation will be swept by a new pastime, jet-watching, although eyes much sharper and reflexes much quicker than mine are required.

I commend this article to the attention of my colleagues in hopes that perhaps someone might arrive at a solution to this growing problem:

Air Force and Navy jets are not only breaking the sound barrier, but are breaking up a lot of houses throughout the country, Representative ALBERT P. MORANO, Republican of Connecticut, learned this week.

MORANO stumbled upon this nationwide problem when he took a constituent's complaint to the House Committee on Armed Services.

One of Morano's Fairfield County constituents, Joseph Friedman, of 64 Rippowam Road, Stamford, Conn., wrote the Congressman early this week stating that his house had just been redecorated, but that jet planes flying overhead were causing shocks below that cracked his ceilings and walls. Since his insurance company had no sound barrier policy, Friedman took his case to his Federal representative.

Robert W. Smart, chief counsel for the Armed Services Committee informed MORANO that the situation confronting Mr. Friedman was rapidly becoming a nationwide problem with similar type complaints arising at many places throughout the country.

Procedure for victims of the sound-barrier house-breaking phenomena are instructed to make sure of the identity of the planes, establish the amount of damage, and be able to establish that the damage was caused by excessive vibrations of jet aircraft, according to Smart. They are then advised to contact their staff Judge Advocate at the Air Force installation nearest them, where they will receive blanks for filing claims.

If the claimant is denied compensation for damages, his next recourse is to proceed with a suit in the court of claims.

84TH CONGRESS
2D SESSION

H. R. 8780

IN THE SENATE OF THE UNITED STATES

FEBRUARY 1 (legislative day, JANUARY 16), 1956

Read twice and referred to the Committee on Finance

AN ACT

To amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. RELIEF FROM EXCISE TAX ON GASOLINE.**

4 Subchapter B of chapter 65 of the Internal Revenue
5 Code of 1954 (rules of special application for abatements,
6 credits, and refunds) is amended by renumbering section
7 6420 as 6421 and by inserting after section 6419 the fol-
8 lowing new section:

1 "SEC. 6420. GASOLINE USED ON FARMS.

2 " (a) GASOLINE.—If gasoline is used on a farm for
3 farming purposes, the Secretary or his delegate shall pay
4 (without interest) to the ultimate purchaser of such gasoline
5 the amount determined by multiplying—

6 " (1) the number of gallons so used, by

7 " (2) the rate of tax on gasoline under section 4081
8 which applied on the date he purchased such gasoline.

9 " (b) TIME FOR FILING CLAIM; PERIOD COVERED.—
10 Not more than one claim may be filed under this section by
11 any person with respect to gasoline used during the one-
12 year period ending on June 30 of any year. No claim shall
13 be allowed under this section with respect to any one-year
14 period unless filed on or before September 30 of the year
15 in which such one-year period ends.

16 " (c) MEANING OF TERMS.—For purposes of this sec-
17 tion—

18 " (1) USE ON A FARM FOR FARMING PURPOSES.—
19 Gasoline shall be treated as used on a farm for farming
20 purposes only if used (A) in carrying on a trade or
21 business, (B) on a farm situated in the United States,
22 and (C) for farming purposes.

23 " (2) FARM.—The term 'farm' includes stock, dairy,
24 poultry, fruit, fur-bearing animal, and truck farms, plan-
25 tations, ranches, nurseries, ranges, greenhouses or other

similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

“(3) FARMING PURPOSES.—Gasoline shall be treated as used for farming purposes only if used—

“(A) by any person in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife;

“(B) by the owner, tenant, or operator of a farm, in handling, drying, packing, grading, or storing any agricultural or horticultural commodity in its unmanufactured state; but only if such owner, tenant, or operator produced more than one-half of the commodity which he so treated during the period with respect to which claim is filed;

“(C) by the owner, tenant, or operator of a farm, in connection with—

“(i) the planting, cultivating, caring for, or cutting of trees, or

“(ii) the preparation (other than milling) of trees for market, incidental to farming operations; or

“(D) by the owner, tenant, or oper-

1 ator of a farm, in connection with the operation,
2 management, conservation, improvement, or main-
3 tenance of such farm and its tools and equipment.

4 “(4) GASOLINE.—The term ‘gasoline’ has the
5 meaning given to such term by section 4082 (b).

6 “(d) EXEMPT SALES; OTHER PAYMENTS OR RE-
7 FUNDS AVAILABLE.—No amount shall be paid under this
8 section with respect to any gasoline which the Secretary or his
9 delegate determines was exempt from the tax imposed by sec-
10 tion 4081. The amount which (but for this sentence) would
11 be payable under this section with respect to any gasoline
12 shall be reduced by any other amount which the Secretary or
13 his delegate determines is payable under this section, or is
14 refundable under any provision of this title, to any person
15 with respect to such gasoline.

16 “(e) APPLICABLE LAWS.—

17 “(1) IN GENERAL.—All provisions of law, includ-
18 ing penalties, applicable in respect of the tax imposed
19 by section 4081 shall, insofar as applicable and not in-
20 consistent with this section, apply in respect of the pay-
21 ments provided for in this section to the same extent as if
22 such payments constituted refunds of overpayments of
23 the tax so imposed.

24 “(2) EXAMINATION OF BOOKS AND WITNESSES.—
25 For the purpose of ascertaining the correctness of any

claim made under this section, or the correctness of any payment made in respect of any such claim, the Secretary or his delegate shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

“(3) FRACTIONAL PARTS OF A DOLLAR.—Section 7504 (granting the Secretary discretion with respect to fractional parts of a dollar) shall not apply.

“(f) REGULATIONS.—The Secretary or his delegate may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section.

“(g) EFFECTIVE DATE.—This section shall apply only with respect to gasoline purchased after December 31, 1955.

“(h) CROSS REFERENCES.—

“(1) For exemption from tax in case of diesel fuel and special motor fuels used on a farm for farming purposes, see section 4041 (d).

“(2) For civil penalty for excessive claim under this section, see section 6675.

“(3) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to claims, other offenses, and forfeitures).”

SEC. 2. RELIEF FROM TAXES ON DIESEL FUEL AND SPECIAL MOTOR FUELS.

(a) (1) Section 4041 of the Internal Revenue Code of 1954 (relating to excise taxes on diesel fuel and special

1 motor fuels) is amended by adding at the end thereof the
2 following new subsection:

3 “(d) EXEMPTION FOR FARM USE.—

4 “(1) EXEMPTION.—Under regulations prescribed
5 by the Secretary or his delegate—

6 “(A) no tax shall be imposed under subsec-
7 tion (a) (1) or (b) (1) on the sale of any liquid
8 sold for use on a farm for farming purposes, and

9 “(B) no tax shall be imposed under subsec-
10 tion (a) (2) or (b) (2) on the use of any liquid
11 used on a farm for farming purposes.

12 “(2) USE ON A FARM FOR FARMING PURPOSES.—

13 For purposes of paragraph (1) of this subsection, use
14 on a farm for farming purposes shall be determined
15 in accordance with paragraphs (1), (2), and (3)
16 of section 6420 (c).”

17 (2) The amendment made by paragraph (1) shall
18 take effect on the day after the date of the enactment of
19 this Act.

20 (b) (1) Section 6416 (b) (2) (C) of such Code
21 (relating to credit or refund of overpayment of tax on
22 special fuels) is amended to read as follows:

23 “(C) In the case of a liquid taxable under
24 section 4041, sold for use as fuel in a diesel-
25 powered highway vehicle or as fuel for the pro-

pulsion of a motor vehicle, motorboat, or airplane, if (i) the vendee used such liquid otherwise than as fuel in such a vehicle, motorboat, or airplane or resold such liquid, or (ii) such liquid was (within the meaning of paragraphs (1), (2), and (3) of section 6420 (c)) used on a farm for farming purposes;”.

(2) The amendment made by paragraph (1) shall apply with respect to liquid sold after December 31, 1955.

SEC. 3. CIVIL PENALTY FOR EXCESSIVE CLAIMS FOR GASOLINE USED ON FARMS.

Subchapter B of chapter 68 of the Internal Revenue Code of 1954 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

“SEC. 6675. EXCESSIVE CLAIMS FOR GASOLINE USED ON FARMS.

“(a) CIVIL PENALTY.—In addition to any criminal penalty provided by law, if a claim is made under section 6420 (relating to gasoline used on farms) for an excessive amount, unless it is shown that the claim for such excessive amount is due to reasonable cause, the person making such claim shall be liable to a penalty in an amount equal to whichever of the following is the greater:

“(1) Two times the excessive amount; or

“(2) \$10.

1 “(b) **EXCESSIVE AMOUNT DEFINED.**—For purposes
2 of this section, the term ‘excessive amount’ means in the case
3 of any person the amount by which—

4 “(1) the amount claimed under section 6420 for
5 any period, exceeds

6 “(2) the amount allowable under such section for
7 such period.

8 “(c) **ASSESSMENT AND COLLECTION OF PENALTY.**—

 “**For assessment and collection of penalty provided
by subsection (a), see section 6206.**”

9 **SEC. 4. TECHNICAL AMENDMENTS.**

10 (a) (1) Subpart A of part III of subchapter A of
11 chapter 32 of the Internal Revenue Code of 1954 (relating
12 to excise tax on gasoline) is amended by adding at the end
13 thereof the following new section:

14 **“SEC. 4084. RELIEF OF FARMERS FROM TAX IN CASE OF**
15 **GASOLINE USED ON THE FARM.**

 “**For provisions to relieve farmers from excise tax in
the case of gasoline used on the farm for farming pur-
poses, see section 6420.**”

16 (2) The table of sections for such subpart A is amended
17 by adding at the end thereof the following:

 “**Sec. 4084. Relief of farmers from tax in case of gasoline
used on the farm.**”

18 (b) (1) Subchapter A of chapter 63 of such Code (re-
19 lating to assessment) is amended by renumbering section

1 6206 as 6207 and by inserting after section 6205 the
 2 following new section:

3 "SEC. 6206. SPECIAL RULES APPLICABLE TO EXCESSIVE
 4 CLAIMS UNDER SECTION 6420.

5 "Any portion of a payment made under section 6420
 6 which constitutes an excessive amount (as defined in sec-
 7 tion 6675 (b)), and any civil penalty provided by section
 8 6675, may be assessed and collected as if it were a tax
 9 imposed by section 4081 and as if the person who made
 10 the claim were liable for such tax. The period for assessing
 11 any such portion, and for assessing any such penalty, shall
 12 be 3 years from the last day prescribed for the filing of
 13 the claim under section 6420."

14 (2) The table of sections for such subchapter A is
 15 amended by striking out

"Sec. 6206. Cross references."

16 and inserting in lieu thereof

"Sec. 6206. Special rules applicable to excessive claims
 under section 6420.

"Sec. 6207. Cross references."

17 (c) The table of sections for subchapter B of chapter
 18 65 of such Code is amended by striking out

"Sec. 6420. Cross references."

19 and inserting in lieu thereof the following:

"Sec. 6420. Gasoline used on farms.

"Sec. 6421. Cross references."

84TH CONGRESS
2d Session

H. R. 8780

AN ACT

To amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes.

FEBRUARY 1 (legislative day, JANUARY 16), 1956

Read twice and referred to the Committee on Finance

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued February 27, 1956
For actions of February 24, 1956
84th-2nd, No. 32

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Farm program.....1,7	REA.....6	Wheat.....1
Flood control.....10	Reclamation.....8	

HIGHLIGHTS: Senate continued debate on farm bill. Senate committee ordered reported bill to relieve farmers from excise tax on gasoline.

SENATE

1. FARM PROGRAM. Continued debate on general features of S. 3183, the farm bill. pp. 2886, 2906, D159
Sens. Russell, Johnson (for Sen. Kefauver; for Sen. Kefauver and Murray; and for Sen. Kefauver, Murray, Douglas and Hennings), and Carlson (for himself and Sens. Morse, Magnuson, Case, Curtis, Jackson, Neuberger, and McNamara) submitted amendments intended to be proposed to the farm bill. pp. 2877, 2906
Sen. Langer inserted a newsletter prepared by Rep. Burdick discussing the present farm situation, and its possible effects on the next general election. p. 2877
Sen. Langer inserted a resolution of the Farmers Union Oil Co., favoring 90 percent of parity on quality wheat. p. 2876
2. DAIRYING. Sen. Wiley inserted an article describing "Wisconsin Dairy Week" to be held in Washington, D. C. commencing on February 27. p. 2882
3. WATER RESOURCES. Sen. Watkins defended the Administration's water-resources policy against recent attacks, and inserted a newspaper editorial and a letter he had received on the subject. p. 2882
4. TAXATION. The Finance Committee ordered reported with amendment H. R. 8780, to relieve farmers from excise taxes on gasoline and special fuels used on the farm for farming purposes. The Committee modified the House-passed bill to provide that no gasoline tax refunds are to be allowed to non-farmers for contract or custom work they perform for farmers. p. D159

5. ADJOURNED until Mon., Feb. 27. p. 2913

ITEMS IN APPENDIX

6. ELECTRIFICATION. Rep. Cooley commended and inserted Rep. Poage's recent address before the Nat'l Rural Electric Cooperative Ass'n outlining the development of R A programs, and stating that "farm income, or the lack of it, is unquestionably the most pressing economic problem at this time confronting America." p. A1749
7. FARM PROGRAM. Sen. Mundt inserted a constituent's letter to the Wall Street Journal objecting to their recent article, "And Heaven Too," in which they allegedly criticized the Senate Agriculture Committee and the Congress for its efforts to do something for agriculture. p. A1751
8. DECLARATION. Extension of remarks of Rep. Hiestand opposing the proposed upper Colorado River project as being not only "financially unsound, but also is not reconcilable with the interests of common sense." p. A1752
Rep. Hosmer inserted a Calif. State Assembly resolution opposing the proposed Colo. River project. p. A1753
Extension of remarks of Rep. Hosmer stating that "it is the water rights which underlie those developments that Californians seek to protect when they oppose the upper Colorado River storage project and charge that it tramples those rights." p. A1757
9. TRANSPORTATION. Rep. Tollefson inserted Henry C. Parke's, merchant marine committee of the American Legion, statement before the H. Merchant Marine and Fisheries Committee urging continuation of the 50-50 cargo preference law for the shipment of surplus commodities abroad. p. A1753

BILLS INTRODUCED

10. FLOOD CONTROL. S. 3281, by Sen. Bender, declaring the inundation of property because of, or aggravated by, wind, waves, or tidal effects on the Great Lakes to be property within the flood-control activities of the Federal Government; to Public Works Committee.
11. LIVESTOCK; HOGS. S. 3282, by Sen. Capehart, to amend the Packers and Stockyards Act to prevent sudden and unreasonable decreases in the price of hogs and cattle which are sold at stockyards subject to that act; to Agriculture and Forestry Committee.

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COMMITTEE HEARINGS TO BE HELD FEB. 27:

Flood insurance bills, S. Banking and Currency.

Cargo preference, H. Merchant Marine and Fisheries (exec).

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 105-A.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

March 5, 1956
March 2, 1956
84th-2nd, No. 37

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HIGHLIGHTS; Senate continued debate on farm bill. Senate committee reported bill to relieve farmers from excise tax on gasoline. President signed measures to increase allotments on burley, Maryland, and fire-cured and dark air-cured tobaccos. Sen. Sparkman introduced and discussed bill to extend farm-housing program. House committee reported Labor-HEW and independent offices appropriations bill for 1957.

SENATE

1. FARM PROGRAM. Continued debate on S. 3183, the farm bill. p. 3363
Sens. Capehart, Welker, Anderson, Barrett (for himself and Sen. O'Mahoney), Clements (for himself and Sens. Barkley and Gore), and McCarthy submitted amendments intended to be proposed to the bill. p. 3331
Sen. Green inserted a resolution from the Rhode Island Agricultural Conference dealing with a variety of agricultural problems. p. 3327
2. FARM TAXES. The Finance Committee reported with amendments H. R. 8780, to relieve farmers from excise taxes on gasoline and special fuels used on the farm (S. Rept. 1609). p. 3328
3. RECLAMATION. Senate conferees were appointed on S. 500, authorizing the construction and maintenance of the Colorado River storage project. p. 3354
(House conferees have not yet been appointed.)
4. TRANSPORTATION. Sen. Butler inserted a newspaper editorial critical of recent efforts to revise the Cargo Preference Act. p. 3331

5. NATURAL RESOURCES. Sen. Murray inserted a number of articles relating to the "giveaway" of our natural resources. p. 3334

Sen. Neuberger criticized the Interior Department for its part in the Al Sarena timber case. p. 3361

6. PRICE SUPPORTS. Sen. Murray inserted a survey report indicating that a majority of the farmers voting in Hardin Co., Iowa, favor 90 percent price supports. p. 3343

7. WHEAT. Sen. Barkley inserted a Ky. Farm Bureau Federation telegram urging that Kentucky be designated in the pending farm bill as a commercial-wheat area. p. 3344

8. ADJOURNED until Mon., March 5. p. 3367

HOUSE

9. APPROPRIATIONS. The Appropriations Committee reported without amendment H. R. 9720, the Labor-Health, Education, and Welfare Departments appropriation bill for 1957 (H. Rept. 1845), and H. R. 9739, the independent offices appropriation bill for 1957 (H. Rept. 1847). pp. 3368, 3390

10. SCHOOL MILK; BRUCELLOSIS. Received from the Cheese Producers' Marketing Association a resolution supporting H. R. 8320, providing additional funds for the school-milk and brucellosis eradication programs. p. 3391

11. LEGISLATIVE PROGRAM. The Acting Majority Leader, Rep. Albert, stated that on Mon., Mar. 5, the Consent Calendar would be called and the Labor-HEW appropriation bill would be considered; on Tues., Mar. 6, the Private Calendar would be called and the independent offices appropriation would be considered; and on Wed., Mar. 7, H. R. 2128, a patents extension bill, would be considered. p. 3370

ITEMS IN APPENDIX

12. FARM PROGRAM. Rep. King inserted a Fortune magazine article, "Farm Problem: 1956 Edition," and stated that "it seems to me to be an excellent analysis of the present farm problem." p. A1983

Rep. Hoffman inserted letters from two constituents describing how they have managed to keep and operate their farms. p. A1998

13. RECLAMATION. Extension of remarks of Rep. Avery opposing the continued construction of Tuttle Creek Dam and stating that "it will inundate 5 towns." p. A1989

Speech in the House of Rep. Hosmer stating that "...the repayment provisions of H. R. 3383 (the upper Colorado River storage project bill) as amended are unsound and unworkable and would not provide repayment as claimed." p. A2001

14. MINING. Rep. Hoffman inserted Raymond Moley's article stating that an examination of the record into the Al Sarena mining case convinces him that the course was fair and logical and that the decision to grant the patents was proper under the law. p. A1997

15. FISHERIES. Extension of remarks of Rep. Pelly urging consideration of his bill, H. R. 9700, to establish a national policy with respect to the management and rehabilitation of our fisheries resources. p. A1997

RELIEF FROM TAXES ON GASOLINE AND SPECIAL FUELS
USED ON FARMS

MARCH 2, 1956.—Ordered to be printed

Mr. BYRD, from the Committee on Finance, submitted the following

R E P O R T

[To accompany H. R. 8780]

The Committee on Finance, to whom was referred the bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

I. GENERAL STATEMENT

This bill relieves farmers of the burden of the excise taxes on the gasoline and special fuels used on their farms for farming purposes. The relief in the case of the gasoline tax is accomplished by providing for annual refunds payable by the Federal Government directly to the farmers. It is estimated that this will provide farmers with approximately \$59 million of tax relief each full year of operation.

Your committee made one substantive amendment to the House bill. Refunds with respect to the gasoline tax are not to be allowed for custom operators (i. e., independent contractors) with respect to cultivating, harvesting, etc., operations. However, where farmers perform similar services for their neighbors refunds may be claimed if these operations for neighbors constitute less than half of the total of these operations of the farmer. Custom operators are excluded from the benefits of this provision by your committee because there is no assurance that they will pass the benefit of the refunds on to the farmers.

The depressed situation in agriculture probably constitutes the most important domestic problem before Congress at the present time. Although the industrial segment of the economy is operating at a high level, both farm prices and farm income are depressed. The decline in farm income has now continued for several years and unless reversed is likely to constitute a threat to the well-being of the entire economy.

The farmer today is caught in a severe price-cost squeeze. At the same time farm prices are declining, the costs of the articles he must buy have been rising. This problem must be met on several fronts, one of these involving the reduction of the costs which the farmer must pay. One of the costs which the farmer must meet is the Federal 2-cents-a-gallon tax presently imposed on the gasoline he uses on his farm. This bill reduces the farmers' operating costs by removing the taxes in the case of gasoline and special fuels used by farmers but in both cases only with respect to the use on a farm for farming purposes.

Your committee hopes that the Internal Revenue Service will coordinate the administration of the gasoline tax refund, to the extent feasible, with the administration of gasoline tax refunds by the various States.

II. SUMMARY OF PROVISIONS OF THE BILL

Section 1, the basic section in both the House and your committee's bill, provides for the refund of tax with respect to gasoline used on farms.

A. GASOLINE

In the new code section 6420, it is provided that refunds are to be paid to purchasers of gasoline used on a farm for farming purposes. The refund under present tax rates will be 2 cents (1½ cents on and after April 1, 1956, if the reduced rates go into effect), multiplied by the number of gallons of gasoline used for the prescribed purposes.

The phrase "used on a farm for farming purposes" is defined as including only gasoline used—

- (1) in carrying on a trade or business,
- (2) on a farm in the United States, and
- (3) for farming purposes.

The terms "farm" and "farming purposes" as used here are also defined terms. These definitions are described subsequently.

B. TIME AND MANNER OF MAKING REFUND

The refunds with respect to gasoline are to be provided on an annual period ending on June 30. The claim is to be filed on or before September 30 of each year, and is to be filed by the farmer directly with the appropriate office of the Internal Revenue Service.

C. DEFINITION OF FARM AND FARMING PURPOSE

As indicated previously, refunds are to be available with respect to gasoline only where used in carrying on a trade or business, on a farm in the United States, and for farming purposes. The term "farm" as used here is defined as including stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards. This definition is the same as that presently in the 1954 Code with respect to the Federal Insurance Contributions Act which it is understood includes a feed yard for fattening cattle.

The term "farming purposes" is also defined in the House and your committee's bill. Under the House-passed bill it included use by any person in connection with cultivation of the soil, or the raising or harvesting of agricultural or horticultural commodities, including the

raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife. As a result, gasoline used by custom operators or other independent contractors performing a service on a farm in connection with cultivating the soil or raising or harvesting agricultural or horticultural commodities was eligible for a refund claim under the House-passed bill. Under your committee's bill, the term "farming purposes" includes the above-described type of operations, but generally only with respect to the operations of an owner, tenant, or operator on his own farm. Operations of a farmer other than on his own farm are included only where the gasoline so used is less than one-half of all of the gasoline used by the farmer for the prescribed type of operations.

The term "farming purposes" under both versions of the bill also includes the handling, drying, packing, grading, or storing of agricultural or horticultural commodities but only if the work is done by the owner, tenant, or operator and only if such person produced more than half of the commodity receiving this treatment during the year. This means that with respect to handling, drying, packing, grading, or storing of these commodities services performed by custom operators or other independent contractors, even though on the farm, are not the type with respect to which a refund may be claimed.

The definition of "farming purposes" under both the House and your committee's bill also includes the planting, cultivating, caring for, or cutting of trees, as well as the preparation (other than sawing logs into lumber, chipping and other milling operations) of trees for the market if the work is performed by the owner, tenant, or operator of a farm and also only if it is incidental to farming operations. Still another category of work included in the farming purpose definition under both versions of the bill is that done by the owner, tenant, or operator of the farm in connection with the operation, management, conservation, improvement, or maintenance of the farm, including farm buildings, tools, and equipment. ✓

D. DIESEL FUEL AND SPECIAL MOTOR FUELS

Section 2 of both versions of the bill provides relief for diesel fuel and special motor fuels (such as propane, butane, and so forth, including what is sometimes referred to as hot tractor fuel). In the case of diesel fuel, present law already provides that this tax is to apply only when the fuel is used in highway vehicles. Both the House and your committee's bill provide an exemption with respect to diesel fuel used in any of these highway vehicles where the vehicles are used on a farm for farming purposes.

In the case of special motor fuels, present law provides a tax only when the fuel is for use in a motor vehicle, motor boat, or airplane. Both versions of the bill provide an exemption for such use of special motor fuel when it is used on a farm for farming purposes.

Even under present law diesel fuel and special motor fuel are exempt from tax when used in a farm tractor since farm tractors have been held not to be motor vehicles under existing law.

Provision is also made in the House and your committee's bill for credits or refunds with respect to diesel fuel and special motor fuels which are used on a farm for farming purposes and have been sold taxpaid. In this case the credit or refund is to be obtained by processing the claim back through the person making the first taxpaid sale.

This is the same procedure already in use in the case of other refunds or credits for diesel fuel and special motor fuel.

E. CIVIL PENALTY FOR EXCESSIVE CLAIMS

Section 3 of both the House and your committee's bill provides a special civil penalty for excessive claims for refunds with respect to gasoline. The new provision (in addition to any of the regular criminal penalties which may be applicable) provides that if a claim for a gasoline refund is excessive, a civil penalty may be imposed unless it can be shown that the claim for the excessive amount is due to reasonable cause. Section 3 is intended to be in addition to, and not in lieu of, other methods of enforcement now provided by existing law. The penalty imposed by section 3 is 2 times the excess amount claimed but not less than \$10. As is indicated in section 4 in both versions of the bill the penalty described above, as well as the excessive amount itself, is to be assessed and collected as a tax.

III. TECHNICAL EXPLANATION OF THE BILL

Section 1 of the bill, both as passed by the House and as amended by your committee, amends subchapter B of chapter 65 of the Internal Revenue Code of 1954 by renumbering section 6420 as section 6421 and inserting a new section 6420. Section 1 of the bill, as amended by your committee, differs from the House bill only in the change noted below in subsection (b) (3) (A) of the proposed section 6420.

SECTION 6420. RELIEF FROM THE EXCISE TAX ON GASOLINE

Subsection (a).—Subsection (a) of the new section 6420 provides that the Secretary or his delegate shall pay to the ultimate purchaser of gasoline used on a farm for farming purposes the amount determined by multiplying (1) the number of gallons so used, by (2) the rate of tax on gasoline under section 4081 which applied on the date he purchased such gasoline. The meaning of the terms used on a farm for farming purposes, farm, farming purposes, and gasoline, are set forth in subsection (c) of section 6420. Interest is not allowable with respect to payments made pursuant to the provisions of section 6420. It will not be necessary for the claimant to show that the tax was in fact paid by the producer of the gasoline. In case of a change in rate of tax, the gasoline which is first purchased by the claimant will, as a general rule, be deemed to have been first used for purposes of claiming the farm-use payment.

Subsection (a) of section 6420 also provides that only the ultimate purchaser shall receive the payment for the farm use of gasoline. This makes it clear that prior purchasers of such gasoline will not be entitled to claim payment. For example, if farmer A purchases 200 gallons of gasoline and subsequently sells 50 gallons of such gasoline to farmer B who uses the fuel on his farm for farming purposes, only farmer B may claim payment with respect to the 50 gallons of gasoline so used by him inasmuch as he is the ultimate purchaser. The payment for farm use is to be made to the purchaser of the gasoline even though he is not the user of the gasoline. For instance, in the absence of special circumstances, a lessor of a farm who purchased the gasoline and furnished it to his tenant for use on the farm for farming purposes

is the one who is authorized under the new section to claim payment if the gasoline is so used.

If a vehicle or equipment is used both on a farm and off the farm, or if it is used on a farm both for farming and nonfarming purposes, the claimant is entitled to payment under section 6420 only with respect to that portion of the gasoline which was consumed on the farm for farming purposes. Accordingly, if a truck used on a farm in connection with the cultivating or harvesting of agricultural commodities is also used on the highways (whether to deliver commodities to market or otherwise), the gasoline used in operating the truck on the highways is not to be taken into account in computing the payments authorized by section 6420.

Subsection (b).—Subsection (b) relates to the time for filing a claim and the period to be covered by such claim. Not more than one claim may be filed under this section by any person with respect to gasoline used during the 1-year period ending on June 30 of any year. This subsection also provides that no claim is to be allowed with respect to any 1-year period unless the claim is filed on or before September 30 of the calendar year in which the 1-year period ends. Thus, for example, for the 1-year period ending June 30, 1957, the purchaser may make a claim for any gasoline used (on a farm for farming purposes) after June 30, 1956, and before July 1, 1957. Such claim must be filed on or before September 30, 1957. It should be noted that under subsection (g) of the new section 6420, claims filed under this section before October 1, 1956, will cover only gasoline purchased after December 31, 1955. The same limitation will apply in the case of claims for any subsequent period, that is to say, no payment is allowable under this section at any time for gasoline purchased before January 1, 1956.

Subsection (c).—Paragraph (1) of subsection (c) of the new section 6420 provides that gasoline shall be treated as used on a farm for farming purposes only if used (1) in carrying on a trade or business, (2) on a farm situated in the United States (that is, the several States, Alaska, Hawaii, and the District of Columbia), and (3) for farming purposes. The term "trade or business" has the same meaning as when used in section 162 of the 1954 Code in connection with expenses paid or incurred in carrying on any trade or business.

Paragraph (2) of subsection (c) defines the term "farm" to include stock (including feed yards for fattening cattle), dairy, poultry, fruit, fur-bearing animals, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards. This definition is the same as that contained in section 3121 (g) of the 1954 Code.

Under paragraph (3) of subsection (c) gasoline is to be treated as used for farming purposes only if used as provided in subparagraph (A), (B), (C), or (D). Under subparagraph (A) as it appears in the House bill, gasoline is treated as used for farming purposes if used by any person in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

Your committee has amended subparagraph (A) so that gasoline will be treated as used on a farm for farming purposes only if used by

the owner, tenant, or operator of a farm in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife—

(a) on a farm of which he is the owner, tenant, or operator, or

(b) on any other farm, but only if the gasoline used by him on other farms is less than one-half of all gasoline used by him on all farms for the purposes enumerated in such subparagraph during the period with respect to which claim is filed.

Thus gasoline used by a custom operator or other independent contractor in performing a service for the purposes enumerated in subparagraph (A) may not be included in a refund claim by such operator. If a farmer provides services for another farmer (for the purposes enumerated in subparagraph (A)), all the gasoline used for such services may be included in his refund claim if less than one-half of all the gasoline used by him for the purposes enumerated in subparagraph (A) is used off his farm. If one-half or more of the gasoline is used by the farmer off his farm he may only claim a refund with respect to the gasoline used on his farm for those purposes.

Under both the House and your committee's bill gasoline used on a farm in connection with the production or harvesting of maple sap or in connection with the production or harvesting of crude gum (oleoresin) from a living tree is treated as used for farming purposes; but gasoline used in the processing (as distinguished from the gathering) of maple sap into maple sirup or maple sugar or used in the processing of crude gum (oleoresin) into gum spirits of turpentine and gum rosin is not so treated, even though such processing operations are conducted on a farm.

Under subparagraph (B) of the new section 6420 (c) (2) gasoline is to be treated as used for farming purposes, if used by the owner, tenant, or operator of a farm in handling, drying, packing, grading, or storing any agricultural or horticultural commodity in its unmanufactured state; but only if such owner, tenant, or operator produced more than one-half of the commodity which he so treated during the 1-year period with respect to which claim is filed under this section. The term "operator of a farm" means a person in possession of a farm and engaged in the operation of such farm. Whether use by the owner or tenant qualifies under this subparagraph (or subparagraph (C) or (D)) is to be determined without regard to whether the owner or tenant is in possession of the farm and without regard to whether he is the operator of the farm. Gasoline used in operations other than those of the prescribed character (such as canning, freezing, packaging, and processing operations) is not considered to be used for farming purposes within the meaning of subparagraph (B). The term "commodity" refers to a single agricultural or horticultural product, that is, all apples are to be treated as a single commodity, while apples and peaches are to be treated as two separate commodities. The operations with respect to each such commodity are to be considered separately in applying the "one-half" test described in the first sentence of this paragraph.

Under subparagraph (C), gasoline is to be treated as used for farming purposes if used by the owner, tenant, or operator of a farm, in connection with the planting, cultivating, caring for, or cutting of trees or in the preparation (other than milling) of trees for market; but only if such operations are incidental to farming operations. These opera-

tions include the felling of trees and cutting them into logs or firewood but do not include sawing logs into lumber, chipping, or other milling operations.

Operations of the character specified in subparagraph (C) must be incidental to the farming operations of such farm or to the farming operations of the owner, tenant, or operator of the farm. The word "incidental" is used in the statute in order to insure that the volume of the operations of the specified character will be, by comparison with the total farming operations involved, of a minor nature.

Under subparagraph (D), gasoline is to be treated as used for farming purposes if used by the owner, tenant, or operator of a farm in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment. These operations may include clearing land, repairing, painting, irrigating, and other activities which contribute in any way to the conduct of the farm, as such, as distinguished from any other enterprise in which the owner, tenant, or operator may be engaged. Since the gasoline must be used by the owner, tenant, or operator of the farm to which the operations relate, gasoline used in operations of the prescribed character by a commercial painting concern, for example, which contracts with a farmer to renovate his farm properties is not to be taken into account in computing claims under this section.

Under paragraph (4) of the subsection, the term "gasoline" is given the same meaning as when used in section 4082 (b). That is to say, the term means all products commonly or commercially known or sold as gasoline (including casinghead and natural gasoline).

Subsection (d).—Subsection (d) provides two conditions which must be observed in determining the amount of any payment to be made under section 6420.

First, it prohibits payment of any amount with respect to any gasoline which the Secretary or his delegate determines was exempt from the tax imposed by section 4081 of the 1954 Code. Thus, gasoline purchased by a State tax-free by virtue of section 4224 of the 1954 Code and used on a State prison farm for a farming purpose cannot be included in determining any amount claimed under section 6420.

Secondly, it provides that any amount that would otherwise have been payable under section 6420 with respect to any gasoline shall be reduced by any other amount which the Secretary or his delegate determines is payable under section 6420 or is refundable under any other provision of the 1954 Code to any person with respect to such gasoline.

Subsection (e).—Paragraph (1) of subsection (e) provides that all provisions of law, including penalties, applicable in respect of the tax imposed by section 4081 shall, insofar as applicable and not inconsistent with section 6420, apply in respect of the payments provided for in section 6420 to the same extent as if such payments constituted refunds of overpayments of the tax so imposed. Under this provision (to mention some, but not all, of the provisions which will apply) sections 6514 (relating to credits or refunds after period of limitations), 6532 (relating to periods of limitation on suits), 7405 (relating to action for recovery of erroneous refunds), and 7422 (relating to civil actions for refunds by taxpayers) of the 1954 Code apply.

However, by reason of subsection (e) (3), the Secretary or his delegate may not exercise his discretionary power under section 7504 of the 1954 Code to disregard a fractional part of a dollar.

For the purpose of determining the correctness of any claim made under this section, or of any payment made pursuant to such claim, subsection (e) (2) makes applicable paragraphs (1), (2), and (3) of section 7602 of the 1954 Code, relating to the examination of books and witnesses, as if the claimant were the person liable for tax.

Subsection (f).—Subsection (f) provides that the Secretary or his delegate may by regulations prescribe the conditions, not inconsistent with the provisions of section 6420, under which payments may be made under section 6420. Some of the conditions that might be appropriately prescribed by regulations are, for example:

- (1) The type of records that the farmer will be required to keep;
- (2) The form on which the claim must be filed;
- (3) The information to be contained in such claim; and
- (4) The evidence necessary to support such claim.

Subsection (g).—Subsection (g) provides that payments under section 6420 may be made only with respect to gasoline purchased by the ultimate purchaser after December 31, 1955. Thus, gasoline which was purchased by a farmer before January 1, 1956, but which he used on or after such date, may not be included in any claim under this section.

Subsection (h).—Subsection (h) provides appropriate cross references to other provisions of the 1954 Code.

SECTION 2. RELIEF FROM TAXES ON DIESEL FUEL AND SPECIAL MOTOR FUEL

Section 2 of both versions of the bill provides for an exemption from (or a credit or refund with respect to) the excise taxes on diesel fuel and special motor fuels, in cases involving the use of such liquids on a farm for farming purposes. Your committee made no changes in the House version of this section.

Subsection (a).—Paragraph (1) adds a new subsection (d) to section 4041 of the 1954 Code. Paragraph (1) of the new subsection (d) provides that no tax shall apply to diesel fuel or special motor fuel sold for use on a farm for farming purposes and that no tax shall apply to the use of such fuels on a farm for farming purposes. Under paragraph (2) of the new subsection (d), the test of whether diesel fuel or any special motor fuel is used on a farm for farming purposes is the same as the test set forth with respect to gasoline in section 6420 (c). Paragraph (2) of section 2 (a) of the bill provides that the amendment made by paragraph (1) of section 2 (a) of the bill shall take effect on the day after the date of enactment of the bill.

Subsection (b).—Subsection (b) of section 2 of the bill makes a corresponding amendment to section 6416 (b) (2) (C) of the 1954 Code to provide (in addition to the other situations in which a credit or refund may be claimed) that credit or refund shall be made if such diesel fuel or special motor fuel was (within the meaning of paragraphs (1), (2), and (3) of section 6420 (c)) used on a farm for farming purposes. This amendment will apply with respect to liquids sold after December 31, 1955.

SECTION 3. CIVIL PENALTY

Section 3 of both versions of the bill adds a new section 6675 to the 1954 Code which provides an assessable penalty for claiming an excessive amount under section 6420. Under section 6675 a person making a claim under section 6420 for an excessive amount is liable, unless it is shown that the claim for such excessive amount is due to reasonable cause, to a penalty equal to 2 times the excessive amount of \$10, whichever is greater. This penalty is in addition to any criminal penalty provided by law. Your committee made no changes in this section.

SECTION 4. TECHNICAL AMENDMENTS

Subsections (a), (b), (2), (c), (d), (e), (f), and (g) of section 4 of the bill make conforming changes in tables of sections and add appropriate cross references.

Subsection (b) (1) of section 4 of the bill adds a new section 6206 to the 1954 Code. Section 6206 provides that any portion of a payment made under section 6420 which constitutes an excessive amount (as defined in section 6675 (b)), and any civil penalty provided by section 6675, may be assessed and collected as if it were a tax imposed by section 4081 and as if the person who made the claim were liable for such tax. Section 6206 also provides that the period for assessing the excessive amount, and for assessing the penalty, shall be 3 years from the last day prescribed for the filing of the claim under section 6420 (that is, 3 years from September 30).

Subsections (h) and (i) of section 4 of the bill amend the provisions relating to service and enforcement of a summons to bring into the scope of such provisions a summons issued under the authority of subsection (e) (2) of section 6420. Your committee had made a clerical amendment to subsection (i) to correct a reference to section 6420 (c) (2).

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE OF 1954

CHAPTER 31—RETAILERS EXCISE TAXES

* * * * *

Subchapter E—Special Fuels

Sec. 4041. Imposition of tax.

Sec. 4042. Cross reference

SEC. 4041. IMPOSITION OF TAX.

(a) **DIESEL FUEL.**—There is hereby imposed a tax of 2 cents a gallon upon any liquid (other than any product taxable under section 4081)—

(1) sold by any person to an owner, lessee, or other operator of a diesel-powered highway vehicle, for use as a fuel in such vehicle; or

(2) used by any person as a fuel in a diesel-powered highway vehicle unless there was a taxable sale of such liquid under paragraph (1).

(b) **SPECIAL MOTOR FUELS.**—There is hereby imposed a tax of 2 cents a gallon upon benzol, benzene, naphtha, liquefied petroleum gas, or any other liquid (other than kerosene, gas oil, or fuel oil, or any product taxable under section 4081 or subsection (a) of this section)—

(1) sold by any person to an owner, lessee, or other operator of a motor vehicle, motorboat, or airplane for use as a fuel for the propulsion of such motor vehicle, motorboat, or airplane; or

(2) used by any person as a fuel for the propulsion of a motor vehicle, motorboat, or airplane unless there was a taxable sale of such liquid under paragraph (1).

(c) **RATE REDUCTION.**—On and after April 1, 1956, the taxes imposed by this section shall be 1½ cents a gallon in lieu of 2 cents a gallon.

(d) **EXEMPTION FOR FARM USE.**—

(1) **EXEMPTION.**—Under regulations prescribed by the Secretary or his delegate—

(A) no tax shall be imposed under subsection (a) (1) or (b) (1) on the sale of any liquid sold for use on a farm for farming purposes, and

(B) no tax shall be imposed under subsection (a) (2) or (b) (2) on the use of any liquid used on a farm for farming purposes.

(2) **USE ON A FARM FOR FARMING PURPOSES.**—For purposes of paragraph (1) of this subsection, use on a farm for farming purposes shall be determined in accordance with paragraphs (1), (2), and (3) of section 6420 (c).

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CHAPTER 32—MANUFACTURERS EXCISE TAXES

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PART III—PETROLEUM PRODUCTS

* * * * *

Subpart A—Gasoline

Sec. 4081. Imposition of tax.

Sec. 4082. Definitions.

Sec. 4083. Exemption of sales to producer.

Sec. 4084. Relief of farmers from tax in case of gasoline used on the farm.

SEC. 4081. IMPOSITION OF TAX.

There is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 2 cents a gallon. On and after April 1, 1956, the tax imposed by this section shall be 1½ cents a gallon in lieu of 2 cents a gallon.

SEC. 4082. DEFINITIONS.

(a) **PRODUCER.**—As used in this subpart, the term “producer” includes a refiner, compounder, or blender, and a dealer selling gasoline exclusively to producers of gasoline, as well as a producer. Any person to whom gasoline is sold tax-free under this subpart shall be considered the producer of such gasoline.

(b) **GASOLINE.**—As used in this subpart, the term “gasoline” means all products commonly or commercially known or sold as gasoline (including casinghead and natural gasoline).

(c) **CERTAIN USES DEFINED AS SALES.**—If a producer or importer uses (otherwise than in the production of gasoline or of special motor fuels referred to in section 4041 (b)) gasoline sold to him free of tax, or produced or imported by him, such use shall for the purposes of this chapter be considered a sale.

SEC. 4083. EXEMPTION OF SALES TO PRODUCER.

Under regulations prescribed by the Secretary or his delegate the tax imposed by section 4081 shall not apply in the case of sales of gasoline to a producer of gasoline.

SEC. 4084. RELIEF OF FARMERS FROM TAX IN CASE OF GASOLINE USED ON THE FARM.

For provisions to relieve farmers from excise tax in the case of gasoline used on the farm for farming purposes, see section 6420.

Subpart B—Lubricating Oil

* * * * *

SEC. 4091. IMPOSITION OF TAX.

There is hereby imposed upon the following articles sold in the United States by the manufacturer or producer a tax at the following rates, to be paid by the manufacturer or producer:

- (1) cutting oils, 3 cents a gallon; and
- (2) other lubricating oils, 6 cents a gallon.

SEC. 4092. DEFINITIONS.

(a) **CERTAIN VENDEES CONSIDERED AS MANUFACTURERS.**—For purposes of this subpart, a vendee who has purchased lubricating oils free of tax under section 4093 shall be considered the manufacturer or producer of such lubricating oils.

(b) **CUTTING OILS.**—For purposes of this subpart, the term “cutting oils” means oils sold for use in cutting and machining operation (including forging, drawing, rolling, shearing, punching, and stamping) on metals.

* * * * *

CHAPTER 63—ASSESSMENT

SUBCHAPTER A. In general.

SUBCHAPTER B. Deficiency procedures in the case of income, estate, and gift taxes.

Subchapter A—In General

Sec. 6201. Assessment authority.

Sec. 6202. Establishment by regulations of mode or time of assessment.

Sec. 6203. Method of assessment.

Sec. 6204. Supplemental assessments.

Sec. 6205. Special rules applicable to certain employment taxes.

[Sec. 6206. Cross references.]

Sec. 6206. *Special rules applicable to excessive claims under section 6420.*

Sec. 6207. *Cross references.*

* * * * *

SEC. 6206. SPECIAL RULES APPLICABLE TO EXCESSIVE CLAIMS UNDER SECTION 6420.

Any portion of a payment made under section 6420 which constitutes an excessive amount (as defined in section 6675 (b)), and any civil penalty provided by section 6675, may be assessed, and collected as if it were a tax imposed by section 4081 and as if the person who made the claim were liable for such tax. The period for assessing any such portion, and for assessing any such penalty, shall be 3 years from the last day prescribed for the filing of the claim under section 6420.

SEC. [6206] 6207. CROSS REFERENCES.

(1) For prohibition of suits to restrain assessment of any tax, see section 7421.

(2) For prohibition of assessment of taxes against insolvent banks, see section 7507.

(3) For assessment where property subject to tax has been sold in a distraint proceeding without the tax having been assessed prior to such sale, see section 6342.

(4) For assessment in case of sale or removal of tobacco, snuff, cigars, and cigarettes without the use of proper stamps, see section 5703 (d).

(5) For assessment in case of distilled spirits removed from place where distilled and not deposited in bonded warehouse, see section 5006 (c).

(6) For assessment in case of certain spirits subject to excessive leakage, see section 5006 (b).

(7) For assessment of deficiencies in production of distilled spirits, see section 5007 (e) (1).

(8) For period of limitation upon assessment, see chapter 66.

(9) For assessment under the provisions of the Tariff Act of 1930 of the taxes imposed by section 4501 (b), and subchapters, A, B, C, D, and E of chapter 38, see sections 4504 and 4601, respectively.

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CHAPTER 65—ABATEMENTS, CREDITS, AND REFUNDS

* * * * *

Subchapter B—Rules of Special Application

Sec. 6411. Tentative carryback adjustments.
 Sec. 6412. Floor stocks refunds.
 Sec. 6413. Special rules applicable to certain employment taxes.
 Sec. 6414. Income tax withheld.
 Sec. 6415. Credits or refunds to persons who collected certain taxes.
 Sec. 6416. Certain taxes on sales and services.
 Sec. 6417. Coconut and palm oil.
 Sec. 6418. Sugar.
 Sec. 6419. Excise tax on wagering.
 [Sec. 6420. Cross references.]
 Sec. 6420. Gasoline used on farms.
 Sec. 6421. Cross references.

* * * * *

SEC. 6416. CERTAIN TAXES ON SALES AND SERVICES.

(a) CONDITION TO ALLOWANCE.— * * *

* * * * *

(b) SPECIAL CASES IN WHICH TAX PAYMENTS CONSIDERED OVERPAYMENTS.— Under regulations prescribed by the Secretary or his delegate credit or refund, without interest, shall be made of the overpayments determined under the following paragraphs:

(1) PRICE READJUSTMENTS.— * * *

(2) SPECIFIED USES AND REALES.—The tax paid under subchapter E of chapter 31 or chapter 32 in respect of any article shall be deemed to be an overpayment if such article was, by any person—

(A) * * *

* * * * *

(C) In the case of a liquid taxable under section 4041, sold for use as fuel in a diesel-powered highway vehicle or as fuel for the propulsion of a motor vehicle, motorboat, or airplane, if (i) the vendee used such liquid otherwise than as fuel in such a vehicle, motorboat, or airplane or resold such [liquid;] liquid, or (ii) such liquid was (within the meaning of paragraphs (1), (2), and (3) of section 6420 (c)) used on a farm for farming purposes;

* * * * *

SEC. 6420. GASOLINE USED ON FARMS.

(a) GASOLINE.—If gasoline is used on a farm for farming purposes, the Secretary or his delegate shall pay (without interest) to the ultimate purchaser of such gasoline the amount determined by multiplying—

(1) the number of gallons so used, by

(2) the rate of tax on gasoline under section 4081 which applied on the date he purchased such gasoline.

(b) TIME FOR FILING CLAIM; PERIOD COVERED.—Not more than one claim may be filed under this section by any person with respect to gasoline used during the one-year period ending on June 30 of any year. No claim shall be allowed under this section with respect to any one-year period unless filed on or before September 30 of the year in which such one-year period ends.

(c) MEANING OF TERMS.—For purposes of this section—

(1) USE ON A FARM FOR FARMING PURPOSES.—Gasoline shall be treated as used on a farm for farming purposes only if used (A) in carrying on a trade or business, (B) on a farm situated in the United States, and (C) for farming purposes.

(2) FARM.—The term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

(3) FARM PURPOSES.—Gasoline shall be treated as used for farming purposes only if used—

(A) by the owner, tenant, or operator of a farm, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife—

(i) on a farm of which he is the owner, tenant, or operator, or

(ii) on any other farm, but only if the gasoline used by him on other farms is less than one-half of all gasoline used by him on all farms for the purposes enumerated in this subparagraph during the period with respect to which claim is filed;

(B) by the owner, tenant, or operator of a farm, in handling, drying, packing, grading, or storing any agricultural or horticultural commodity in its unmanufactured state but only if such owner, tenant, or operator produced more than one-half of the commodity which he so treated during the period with respect to which claim is filed;

(C) by the owner, tenant, or operator of a farm, in connection with—

(i) the planting, cultivating, caring for, or cutting of trees, or

(ii) the preparation (other than milling) of trees for market, incidental to farming operations, or

(D) by the owner, tenant, or operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment.

(4) **GASOLINE.**—The term “gasoline” has the meaning given to such term by section 4082 (b).

(d) **EXEMPT SALES; OTHER PAYMENTS OR REFUNDS AVAILABLE.**—No amount shall be paid under this section with respect to any gasoline which the Secretary or his delegate determines was exempt from the tax imposed by section 4081. The amount which (but for this sentence) would be payable under this section with respect to any gasoline shall be reduced by any other amount which the Secretary or his delegate determines is payable under this section, or is refundable under any provision of this title, to any person with respect to such gasoline.

(e) **APPLICABLE LAWS.**—

(1) **IN GENERAL.**—All provisions of law, including penalties, applicable in respect of the tax imposed by section 4081 shall, insofar as applicable and not inconsistent with this section, apply in respect of the payments provided for in this section to the same extent as if such payments constituted refunds of overpayments of the tax so imposed.

(2) **EXAMINATION OF BOOKS AND WITNESSES.**—For the purpose of ascertaining the correctness of any claim made under this section, or the correctness of any payment made in respect of any such claim, the Secretary or his delegate shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

(3) **FRACTIONAL PARTS OF A DOLLAR.**—Section 7504 (granting the Secretary discretion with respect to fractional parts of a dollar) shall not apply.

(f) **REGULATIONS.**—The Secretary or his delegate may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section.

(g) **EFFECTIVE DATE.**—This section shall apply only with respect to gasoline purchased after December 31, 1955.

(h) **CROSS REFERENCES.**—

(1) For exemption from tax in case of diesel fuel and special motor fuels used on a farm for farming purposes, see section 4041 (d).

(2) For civil penalty for excessive claim under this section, see section 6675.

(3) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to crimes, other offenses, and forfeitures).

SEC. [6420] 6421. CROSS REFERENCES.

(1) For limitations on credits and refunds, see subchapter B of chapter 66.

(2) For overpayment arising out of adjustments incident to involuntary liquidation of inventory, see section 1321.

(3) For overpayment in case of adjustments to accrued foreign taxes, see section 905 (c).

(4) For credit or refund in case of deficiency dividends paid by a personal holding company, see section 547.

(5) For refund, credit, or abatement of amounts disallowed by courts upon review of Tax Court decision, see section 7486.

(6) For abatement or refund of tax on transfers to avoid income tax, see section 1494 (b).

(7) For abatement or refund in case of tax on silver bullion, see section 4894.

(8) For overpayment in certain renegotiations of war contracts, see section 1481.

(9) For refund or redemption of stamps, see chapter 69.

(10) For abatement, credit, or refund in case of jeopardy assessments, see chapter 70.

(11) For treatment of certain overpayments as having been refunded, in connection with sale of surplus war-built vessels, see section 9 (b) (8) of the Merchant Ship Sales Act of 1946 (60 Stat. 48; 50 U. S. C. App. 1742).

(12) For restrictions on transfers and assignments of claims against the United States, see R. S. 3477 (31 U. S. C. 203).

(13) For set-off of claims against amounts due the United States, see the act of March 3, 1875, as amended by section 13 of the act of March 3, 1933 (47 Stat. 1516; 31 U. S. C. 227).

(14) For special provisions relating to alcohol and tobacco taxes, see sections 5011, 5044, 5057, 5063, 5705, and 5707.

CHAPTER 66—LIMITATIONS

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Subchapter A—Limitations on Assessment and Collection

* * * * *

SEC. 6504. CROSS REFERENCES.

For limitation period in case of—

(1) Adjustments incident to involuntary liquidation of inventory see section 1321.

(2) Adjustments to accrued foreign taxes, see section 905 (c).

(3) Change of election to take standard deduction where taxpayer and his spouse make separate returns, see section 144 (b).

(4) Involuntary conversion of property, see section 1033 (a) (3) (C) and (D).

(5) Gain upon sale or exchange of residence, see section 1034 (j).

(6) War loss recoveries where prior benefit rule is elected, see section 1335.

(7) Recovery of unconstitutional Federal taxes, see section 1346.

(8) Limitations on deductions allowable to individuals in certain cases, see section 270 (d).

(9) Application by executor for discharge from personal liability for estate tax, see section 2204.

(10) Insolvent banks and trust companies, see section 7507.

(11) Service in a combat zone, etc., see section 7508.

(12) Claims against transferees and fiduciaries, see chapter 71.

(13) *Assessments to recover excessive amounts paid under section 6420 (relating to gasoline used on farms) and assessments of civil penalties under section 6675 for excessive claims under section 6420, see section 6206.*

Subchapter B—Limitations on Credit or Refund

* * * * *

SEC. 6511. LIMITATIONS ON CREDIT OR REFUND.

* * * * *

(f) CROSS REFERENCES.—

(1) For time return deemed filed and tax considered paid, see section 6513.

(2) For limitations with respect to certain credits against estate tax, see sections 2011 (c), 2014 (b), and 2015.

(3) For limitations in case of floor stocks refunds, see section 6412.

(4) For a period of limitations for credit or refund in the case of joint income returns after separate returns have been filed, see section 6013 (b) (3).

(5) *For limitations in case of payments under section 6420 (relating to gasoline used on farms), see section 6420 (b).*

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CHAPTER 67—INTEREST

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Subchapter B—Interest on Overpayments

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SEC. 6612. CROSS REFERENCES.

* * * * *

(c) OTHER RESTRICTIONS ON INTEREST.—

For other restrictions on interest, see section 2011 (c) (relating to refunds due to credit for State taxes), 2014 (e) (relating to refunds attributable to foreign tax credits), 6412 (relating to floor stock refunds), 6413 (d) (relating to taxes under the Federal Unemployment Tax Act), 6416 (relating to certain taxes on sales and services), [and] 6419 (relating to the excise tax on wagering), and 6420 (relating to payments in the case of gasoline used on the farm for farming purposes).

CHAPTER 68—ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

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Subchapter B—Assessable Penalties

Sec. 6671. Rules for application of assessable penalties.
 Sec. 6672. Failure to collect and pay over tax, or attempt to evade or defeat tax.
 Sec. 6673. Damages assessable for instituting proceedings before the Tax Court merely for delay.
 Sec. 6674. Fraudulent statement or failure to furnish statement to employee.
 Sec. 6675. Excessive claims for gasoline used on farms.

* * * * *

SEC. 6675. EXCESSIVE CLAIMS FOR GASOLINE USED ON FARMS.

(a) *CIVIL PENALTY.*—In addition to any criminal penalty provided by law, if a claim is made under section 6420 (relating to gasoline used on farms) for an excessive amount, unless it is shown that the claim for such excessive amount is due to reasonable cause, the person making such claim shall be liable to a penalty in an amount equal to whichever of the following is the greater:

- (1) Two times the excessive amount ; or
- (2) \$10.

(b) *EXCESSIVE AMOUNT DEFINED.*—For purposes of this section, the term “excessive amount” means in the case of any person the amount by which—

- (1) the amount claimed under section 6420 for any period, exceeds
- (2) the amount allowable under such section for such period.

(c) *ASSESSMENT AND COLLECTION OF PENALTY.*—

For assessment and collection of penalty provided by subsection (a), see section 6206.

* * * * *

CHAPTER 75—CRIMES, OTHER OFFENSES, AND FORFEITURES

* * * * *

Subchapter A—Crimes

* * * * *

PART I—GENERAL PROVISIONS

* * * * *

SEC. 7210. FAILURE TO OBEY SUMMONS.

Any person who, being duly summoned to appear to testify, or to appear and produce books, accounts, records, memoranda, or other papers, as required under [sections 7602,] sections 6420 (e) (2), 7602, 7603, and 7604 (b), neglects to appear

or to produce such books, accounts, records, memoranda, or other papers, shall, upon conviction thereof, be fined not more than \$1,000, or imprisoned not more than 1 year or both, together with costs of prosecution.

* * * * *

CHAPTER 78—DISCOVERY OF LIABILITY AND ENFORCEMENT OF TITLE

* * * * *

Subchapter A—Examination and Inspection

* * * * *

SEC. 7603. SERVICE OF SUMMONS.

A summons issued under [section 7602] *section 6420 (e) (2) or 7602* shall be served by the Secretary or his delegate, by an attested copy delivered in hand to the person to whom it is directed, or left at his last and usual place of abode; and the certificate of service signed by the person serving the summons shall be evidence of the facts it states on the hearing of an application for the enforcement of the summons. When the summons requires the production of books, papers, records, or other data, it shall be sufficient if such books, papers, records, or other data are described with reasonable certainty.

SEC. 7604. ENFORCEMENT OF SUMMONS.

(a) JURISDICTION OF DISTRICT COURT.—If any person is summoned under the internal revenue laws to appear, to testify, or to produce books, papers, records, or other data, the United States district court for the district in which such person resides or is found shall have jurisdiction by appropriate process to compel such attendance, testimony, or production of books, papers, records, or other data.

(b) ENFORCEMENT.—Whenever any person summoned under [section 7602] *section 6420 (e) (2) or 7602* neglects or refuses to obey such summons, or to produce books, papers, records, or other data, or to give testimony, as required, the Secretary or his delegate may apply to the judge of the district court or to a United States commissioner for the district within which the person so summoned resides or is found for an attachment against him as for a contempt. It shall be the duty of the judge or commissioner to hear the application, and, if satisfactory proof is made, to issue an attachment, directed to some proper officer, for the arrest of such person, and upon his being brought before him to proceed to a hearing of the case; and upon such hearing the judge or the United States commissioner shall have power to make such order as he shall deem proper, not inconsistent with the law for the punishment of contempts, to enforce obedience to the requirements of the summons and to punish such person for his default or disobedience.

(c) CROSS REFERENCES.—

(1) AUTHORITY TO ISSUE ORDERS, PROCESSES, AND JUDGMENTS.—

For authority of district courts generally to enforce the provisions of this title, see section 7402.

(2) PENALTIES.—

For penalties applicable to violation of [section 7602] *section 6420 (e) (2) or 7602*, see section 7210.

SEC. 7605. TIME AND PLACE OF EXAMINATION.

(a) TIME AND PLACE.—The time and place of examination pursuant to the provisions of [section 7602] *section 6420 (e) (2) or 7602* shall be such time and place as may be fixed by the Secretary or his delegate and as are reasonable under the circumstances. In the case of a summons under authority of paragraph (2) of [section 7602] *section 7602, or under the corresponding authority of section 6420 (e) (2)*, the date fixed for appearance before the Secretary or his delegate shall not be less than 10 days from the date of the summons.

(b) RESTRICTIONS ON EXAMINATION OF TAXPAYER.—No taxpayer shall be subjected to unnecessary examination or investigations, and only one inspection of a taxpayer's books of account shall be made for each taxable year unless the taxpayer requests otherwise or unless the Secretary or his delegate, after investigation, notifies the taxpayer in writing that an additional inspection is necessary.

Calendar No. 1631

84TH CONGRESS
2^D SESSION

H. R. 8780

[Report No. 1609]

IN THE SENATE OF THE UNITED STATES

FEBRUARY 1 (legislative day, JANUARY 16), 1956

Read twice and referred to the Committee on Finance

MARCH 2, 1956

Reported by Mr. BYRD, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. RELIEF FROM EXCISE TAX ON GASOLINE.

4 Subchapter B of chapter 65 of the Internal Revenue
5 Code of 1954 (rules of special application for abatements,
6 credits, and refunds) is amended by renumbering section
7 6420 as 6421 and by inserting after section 6419 the fol-
8 lowing new section:

1 "SEC. 6420. GASOLINE USED ON FARMS.

2 " (a) GASOLINE.—If gasoline is used on a farm for
3 farming purposes, the Secretary or his delegate shall pay
4 (without interest) to the ultimate purchaser of such gasoline
5 the amount determined by multiplying—

6 " (1) the number of gallons so used, by

7 " (2) the rate of tax on gasoline under section 4081
8 which applied on the date he purchased such gasoline.

9 " (b) TIME FOR FILING CLAIM; PERIOD COVERED.—
10 Not more than one claim may be filed under this section by
11 any person with respect to gasoline used during the one-
12 year period ending on June 30 of any year. No claim shall
13 be allowed under this section with respect to any one-year
14 period unless filed on or before September 30 of the year
15 in which such one-year period ends.

16 " (c) MEANING OF TERMS.—For purposes of this sec-
17 tion—

18 " (1) USE ON A FARM FOR FARMING PURPOSES.—
19 Gasoline shall be treated as used on a farm for farming
20 purposes only if used (A) in carrying on a trade or
21 business, (B) on a farm situated in the United States,
22 and (C) for farming purposes.

23 " (2) FARM.—The term 'farm' includes stock, dairy,
24 poultry, fruit, fur-bearing animal, and truck farms, plan-
25 tations, ranches, nurseries, ranges, greenhouses or other

similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

“(3) FARMING PURPOSES.—Gasoline shall be treated as used for farming purposes only if used—

“(A) by any person in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur bearing animals and wildlife;

“(A) by the owner, tenant, or operator of a farm, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife—

“(i) on a farm of which he is the owner, tenant, or operator, or

“(ii) on any other farm, but only if the gasoline used by him on other farms is less than one-half of all gasoline used by him on all farms for the purposes enumerated in this subparagraph during the period with respect to which claim is filed;

1 “(B) by the owner, tenant, or operator
2 of a farm, in handling, drying, packing, grading, or
3 storing any agricultural or horticultural commodity
4 in its unmanufactured state; but only if such owner,
5 tenant, or operator produced more than one-half
6 of the commodity which he so treated during the
7 period with respect to which claim is filed;

8 “(C) by the owner, tenant, or operator of a
9 farm, in connection with—

10 “(i) the planting, cultivating, caring for,
11 or cutting of trees, or

12 “(ii) the preparation (other than milling)
13 of trees for market,

14 incidental to farming operations; or

15 “(D) by the owner, tenant, or operator of
16 a farm, in connection with the operation, manage-
17 ment, conservation, improvement, or maintenance
18 of such farm and its tools and equipment.

19 “(4) GASOLINE.—The term ‘gasoline’ has the
20 meaning given to such term by section 4082 (b).

21 “(d) EXEMPT SALES; OTHER PAYMENTS OR RE-
22 FUNDS AVAILABLE.—No amount shall be paid under this
23 section with respect to any gasoline which the Secretary or his
24 delegate determines was exempt from the tax imposed by sec-

tion 4081. The amount which (but for this sentence) would be payable under this section with respect to any gasoline shall be reduced by any other amount which the Secretary or his delegate determines is payable under this section, or is refundable under any provision of this title, to any person with respect to such gasoline.

“(e) APPLICABLE LAWS.—

“(1) IN GENERAL.—All provisions of law, including penalties, applicable in respect of the tax imposed by section 4081 shall, insofar as applicable and not inconsistent with this section, apply in respect of the payments provided for in this section to the same extent as if such payments constituted refunds of overpayments of the tax so imposed.

“(2) EXAMINATION OF BOOKS AND WITNESSES.—For the purpose of ascertaining the correctness of any claim made under this section, or the correctness of any payment made in respect of any such claim, the Secretary or his delegate shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

“(3) FRACTIONAL PARTS OF A DOLLAR.—Section 7504 (granting the Secretary discretion with respect to fractional parts of a dollar) shall not apply.

1 “(f) REGULATIONS.—The Secretary or his delegate
2 may by regulations prescribe the conditions, not incon-
3 sistent with the provisions of this section, under which
4 payments may be made under this section.

5 “(g) EFFECTIVE DATE.—This section shall apply only
6 with respect to gasoline purchased after December 31, 1955.

7 “(h) CROSS REFERENCES.—

 “(1) For exemption from tax in case of diesel fuel and special motor fuels used on a farm for farming purposes, see section 4041 (d).

 “(2) For civil penalty for excessive claim under this section, see section 6675.

 “(3) For fraud penalties, etc., see chapter 75 (section 7201 and following, relating to ~~claims~~ crimes, other offenses, and forfeitures).”

8 **SEC. 2. RELIEF FROM TAXES ON DIESEL FUEL AND SPE-**
9 **CIAL MOTOR FUELS.**

10 (a) (1) Section 4041 of the Internal Revenue Code
11 of 1954 (relating to excise taxes on diesel fuel and special
12 motor fuels) is amended by adding at the end thereof the
13 following new subsection:

14 “(d) EXEMPTION FOR FARM USE.—

15 “(1) EXEMPTION.—Under regulations prescribed
16 by the Secretary or his delegate—

17 “(A) no tax shall be imposed under subsec-
18 tion (a) (1) or (b) (1) on the sale of any liquid
19 sold for use on a farm for farming purposes, and

20 “(B) no tax shall be imposed under subsec-

1 tion (a) (2) or (b) (2) on the use of any liquid
2 used on a farm for farming purposes.

3 “(2) USE ON A FARM FOR FARMING PURPOSES.—

4 For purposes of paragraph (1) of this subsection, use
5 on a farm for farming purposes shall be determined
6 in accordance with paragraphs (1), (2), and (3)
7 of section 6420 (c).”

8 (2) The amendment made by paragraph (1) shall
9 take effect on the day after the date of the enactment of
10 this Act.

11 (b) (1) Section 6416 (b) (2) (C) of such Code
12 (relating to credit or refund of overpayment of tax on
13 special fuels) is amended to read as follows:

14 “(C) In the case of a liquid taxable under
15 section 4041, sold for use as fuel in a diesel-
16 powered highway vehicle or as fuel for the pro-
17 pulsion of a motor vehicle, motorboat, or airplane,
18 if (i) the vendee used such liquid otherwise than
19 as fuel in such a vehicle, motorboat, or airplane
20 or resold such liquid, or (ii) such liquid was (with-
21 in the meaning of paragraphs (1), (2), and (3)
22 of section 6420 (c)) used on a farm for farming
23 purposes;”.

1 (2) The amendment made by paragraph (1) shall
2 apply with respect to liquid sold after December 31, 1955.

3 **SEC. 3. CIVIL PENALTY FOR EXCESSIVE CLAIMS FOR**
4 **GASOLINE USED ON FARMS.**

5 Subchapter B of chapter 68 of the Internal Revenue
6 Code of 1954 (relating to assessable penalties) is amended
7 by adding at the end thereof the following new section:

8 **"SEC. 6675. EXCESSIVE CLAIMS FOR GASOLINE USED ON**
9 **FARMS.**

10 “(a) **CIVIL PENALTY.**—In addition to any criminal
11 penalty provided by law, if a claim is made under section
12 6420 (relating to gasoline used on farms) for an excessive
13 amount, unless it is shown that the claim for such excessive
14 amount is due to reasonable cause, the person making such
15 claim shall be liable to a penalty in an amount equal to
16 whichever of the following is the greater:

17 “(1) Two times the excessive amount; or

18 “(2) \$10.

19 “(b) **EXCESSIVE AMOUNT DEFINED.**—For purposes
20 of this section, the term ‘excessive amount’ means in the case
21 of any person the amount by which—

22 “(1) the amount claimed under section 6420 for
23 any period, exceeds

24 “(2) the amount allowable under such section for
25 such period.

1 “(c) ASSESSMENT AND COLLECTION OF PENALTY.—

 “**For assessment and collection of penalty provided
by subsection (a), see section 6206.**”

2 **SEC. 4. TECHNICAL AMENDMENTS.**

3 (a) (1) Subpart A of part III of subchapter A of
4 chapter 32 of the Internal Revenue Code of 1954 (relating
5 to excise tax on gasoline) is amended by adding at the end
6 thereof the following new section:

7 **“SEC. 4084. RELIEF OF FARMERS FROM TAX IN CASE OF**
8 **GASOLINE USED ON THE FARM.**

 “**For provisions to relieve farmers from excise tax in
the case of gasoline used on the farm for farming pur-
poses, see section 6420.**”

9 (2) The table of sections for such subpart A is amended
10 by adding at the end thereof the following:

 “**Sec. 4084. Relief of farmers from tax in case of gasoline
used on the farm.**”

11 (b) (1) Subchapter A of chapter 63 of such Code (re-
12 lating to assessment) is amended by renumbering section
13 6206 as 6207 and by inserting after section 6205 the
14 following new section:

15 **“SEC. 6206. SPECIAL RULES APPLICABLE TO EXCESSIVE**
16 **CLAIMS UNDER SECTION 6420.**

17 “Any portion of a payment made under section 6420
18 which constitutes an excessive amount (as defined in sec-
19 tion 6675 (b)), and any civil penalty provided by section
20 6675, may be assessed and collected as if it were a tax

1 imposed by section 4081 and as if the person who made
 2 the claim were liable for such tax. The period for assessing
 3 any such portion, and for assessing any such penalty, shall
 4 be 3 years from the last day prescribed for the filing of
 5 the claim under section 6420."

6 (2) The table of sections for such subchapter A is
 7 amended by striking out

"Sec. 6206. Cross references."

16 and inserting in lieu thereof

"Sec. 6206. Special rules applicable to excessive claims
 under section 6420.

"Sec. 6207. Cross references."

9 (c) The table of sections for subchapter B of chapter
 10 65 of such Code is amended by striking out

"Sec. 6420. Cross references."

19 and inserting in lieu thereof the following:

"Sec. 6420. Gasoline used on farms.

"Sec. 6421. Cross references."

11 (d) Section 6504 of such Code (cross references for
 12 limitations on assessments) is amended by adding at the end
 13 thereof the following:

"(13) Assessments to recover excessive amounts paid
 under section 6420 (relating to gasoline used on farms)
 and assessments of civil penalties under section 6675
 for excessive claims under section 6420, see section 6206."

14 (e) Section 6511 (f) of such Code (cross references
 15 for limitations on credit or refund) is amended by adding
 16 at the end thereof the following:

"(5) For limitations in case of payments under sec-
 tion 6420 (relating to gasoline used on farms), see section
 6420 (b)."

1 (f) Section 6612 (c) of such Code (cross references for
 2 restrictions on interest) is amended by striking out “and”
 3 before “6419” and by inserting before the period at the end
 4 thereof the following: “, and 6420 (relating to payments in the
 5 case of gasoline used on the farm for farming purposes)”.

6 (g) The table of sections for subchapter B of chapter
 7 68 of such Code is amended by adding at the end thereof
 8 the following:

“Sec. 6675. Excessive claims for gasoline used on farms.”

9 (h) Section 7210 of such Code (relating to failure to
 10 obey summons) is amended by striking out “sections 7602,”
 11 and inserting in lieu thereof “sections 6420 (e) (2), 7602,”.

12 ~~(i) Sections 7603 (relating to service of summons),~~
 13 ~~7604 (relating to enforcement of summons), and 7605 (re-~~
 14 ~~lating to time and place of examination) of such Code are~~
 15 ~~each amended by striking out “section 7602” wherever it~~
 16 ~~appears and inserting in lieu thereof “section 6420 (e) (2)~~
 17 ~~or 7602”.~~

18 *(i) Sections 7603 (relating to service of summons) and*
 19 *7604 (relating to enforcement of summons) and the first*
 20 *sentence of section 7605 (relating to time and place of exam-*
 21 *ination) of such Code are each amended by striking out*
 22 *“section 7602” wherever it appears and inserting in lieu*
 23 *thereof “section 6420 (e) (2) or 7602”. The second sen-*
 24 *tence of section 7605 of such Code is amended by striking*

1 out "section 7602" and inserting in lieu thereof "section 7602,
2 or under the corresponding authority of section 6420 (e)
3 (2),".

Passed the House of Representatives January 31, 1956.

Attest:

RALPH R. ROBERTS,

Clerk.

Calendar No. 1631

84TH CONGRESS
2D SESSION

H. R. 8780

[Report No. 1609]

AN ACT

To amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes.

FEBRUARY 1 (legislative day, JANUARY 16), 1956

Read twice and referred to the Committee on Finance

MARCH 2, 1956

Reported with amendments

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued March 7, 1956
For actions of March 6, 1956
84th-2nd, No. 39

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HIGHLIGHTS; Senate continued debate on farm bill. Senate passed bill to relieve farmers from excise tax on gasoline. Sen. Humphrey criticized activities of public relations firm relative to this Department. Senate committee reported Treasury-Post Office appropriation bill. House commenced debate on independent offices appropriation bill. Rep. Curtis, Mo., introduced and discussed bill for taxation of co-operatives.

HOUSE

1. APPROPRIATIONS. Commenced debate on H. R. 9739, the independent offices appropriation bill for 1957. Amendments tentatively adopted included an increase of \$5,386,030 for the FCDA disaster relief funds and a deletion of language authorizing eleven supergrade positions in GSA. pp. 3581, 3582
2. BANKING AND CURRENCY. Rep. Patman criticized the undemocratic character of certain aspects of the open-market committee of the Federal Reserve System and inserted the text of his address to the Women's National Democratic Club urging the reconsideration and reorganization of the system. p. 3614
3. DEFENSE PRODUCTION. Both Houses received from the Office of Defense Mobilization a draft of legislation "to extend the Defense Production Act of 1950"; to the Banking and Currency Committees. pp. 3488, 3618
4. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment S. 1194, to provide for the construction of the Red Willow Dam, Nebr., by the Interior Department, and construction of Wilson Dam, Kans., by the Army Engineers (H. Rept. 1849). p. 3618
5. MONOPOLIES. The Judiciary Committee ordered reported with amendment H. R. 9424, to amend the Clayton Act by requiring prior notification of certain corporate mergers. p. D202

SENATE

6. FARM PROGRAM. Continued debate on S. 3183, the farm bill. pp. 3498, 3509, 3542
Sens. Chavez (for himself and Sen. Kerr), Young (for himself and Sens. Mundt, Carlson, Barrett, and Curtis), Ellender, Barrett (for himself and several other Senators), Hickenlooper (for himself and several other Senators), and Holland submitted amendments intended to be proposed to the bill. p. 3497
Sen. Langer inserted a Farmers' Union resolution opposing any reduction in wheat acreage and favoring 100 percent of parity for family farms, limiting all types of farm program payments to \$5,000 and an increase in personal income tax exemptions to \$1,000. p. 3489
7. FARM TAXES. Passed with Committee amendments H. R. 8780, to relieve farmers from excise taxes on gasoline and special fuels used on the farm. p. 3504
8. INFORMATION. Sen. Humphrey criticized the activities of a public relations firm relative to this Department, and inserted a letter received from the firm and an article on the matter. p. 3540
The Foreign Relations Committee ordered reported with amendments S. 3116, International Cultural Exchange and Fair Trade Participation Act of 1956. p. D200
9. DISASTER INSURANCE. Received a concurrent resolution from the S. Car. Legislature urging enactment of legislation authorizing a flood-insurance program. p. 3489
10. PARITY. Sen. Langer inserted a Local Farmers Union letter favoring 90 percent parity payments. p. 3490
11. WOOL. Sen. Young inserted several resolutions of the N. Dak. Cooperative Wool Marketing Assoc. opposing further freight rate increases, continuance of program to liquidate wool stocks, continuance of 6 percent duty on wool tops from Uruguay, and opposing attempts to reduce tariffs on imported wool and woolen products. p. 3490
12. FORESTRY. Sen. Humphrey inserted a letter received from a Rod and Gun Club favoring the preservation of the wilderness area of Superior National Forest. p. 3491
13. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 9064, the Treasury-Post Office appropriation bill, 1957 (S. Rept. 1624). p. 3492
14. PERSONNEL; PENALTY MAIL. Sen. Byrd submitted the report of the Jt. Committee on Reduction of Non-essential Federal Expenditures on Federal employment and pay for the month of January, and inserted several tables and a statement concerning the report. p. 3492
The Post Office and Civil Service Committee ordered reported without amendment the following bills:
H. R. 5856, to repeal requirements for department heads to report to the Postmaster General the number of penalty envelopes and wrappers on hand at the close of the fiscal year;
S. 3237, providing for continuation of life-insurance coverage under the Federal Employees' Group Life Insurance Act of 1954 in the case of employees receiving benefits under the Federal Employees' Compensation Act;
S. 3315, to amend section 5 of the Civil Service Retirement Act of 1930 regarding death benefits; and
S. 1871, to amend the act to reimburse the Post Office Department for the transmission of official Government mail matter. D200
The Committee ordered reported with amendment S. 1542, to authorize an allowance for civilian officers and employees of the Government who are notaries public. D200

numerals "1955", to strike out "(other than taxable years with respect to which a tax is imposed by section 802)"; on page 30, line 2, after the word "this", to strike out "section, in lieu of the reduction for the net investment income allocable to non-life insurance reserves provided in paragraphs (3) (A) and (4) (A) of section 805 (a), and in paragraph (2) of section 805 (b), the net investment income shall be reduced by an amount which equals the amount of the adjustment for certain reserves provided in section 813." and insert "section—

(1) in lieu of the reduction of the net investment income provided in paragraphs (3) (A) and (4) (A) of section 805 (a), the net investment income shall be reduced by the amount of the adjustment for certain reserves provided in section 813, and

(2) in lieu of subtracting the amount provided in paragraph (2) of section 805 (b), subtract 50 percent of the amount of the adjustment for certain reserves provided in section 813.

On page 31, line 21, after the numerals "804", to strike out "(d)" and insert "(c)"; on page 32, line 18, after the word "subsection", to strike out "(c)" and insert "(b)"; on page 34, line 9, after the word "If", to strike out "the taxpayer was authorized to do business in any State or Territory as an insurance company before July 1, 1955, and if"; in line 13, after the word "do", to strike out "such"; and in the same line, after the word "business", to insert "as an insurance company"; in line 18, after the letter "(B)", to insert "(i)"; in line 19, after the word "reserves", to insert "and (ii) the special reduction for dividends received provided by subsection (c)"; in line 23, after the word "exceed", to insert "(A)"; on page 35, line 1, after the word "policyholders", to insert "reduced by (B) the special reduction for dividends received provided by subsection (c)"; in line 14, after the numerals "804", to strike out "(c)" and insert "(b)"; after line 14, to strike out:

(c) Special rule for additional dividends received deduction: If the taxpayer's tax for the taxable year is reduced by subsection (a), and if the limitation contained in subsection (b) does not apply, then the maximum limitation referred to in section 804 (c) (b) (3) (B) (ii) shall be—

And in lieu thereof, to insert:

(c) Special rule for dividends received: The reduction referred to in paragraph (1) (B) (ii) and in paragraph (2) (B) of subsection (a) shall be an amount computed under section 804 (b) (3), except that, for purposes of such computation, the maximum limitation referred to in section 804 (b) (3) (B) (ii) shall be—

On page 36, line 8, after the word "income", to insert "(computed without regard to the reduction provided by this subsection)"; in line 15, after the word "income", to insert "(computed without regard to the reduction provided by this subsection)"; and on page 43, after line 3, to add a new section, as follows:

SEC. 7. Savings provisions.

In the case of any taxpayer subject to tax under section 802 or 807 of the Internal Revenue Code of 1954 (as such sections were in effect before the enactment of this act), no addition to the tax shall be made under section 6655 of such code (relating to failure

by corporation to pay estimated tax) with respect to estimated tax for a taxable year beginning in 1955. In the case of any taxpayer subject to tax under section 821 of such code (imposing a tax on certain mutual insurance companies), any addition to the tax under section 6655 of such code with respect to estimated tax for a taxable year beginning in 1955 shall in no case be larger than such addition would have been if this act had not been enacted.

Mr. BYRD. Mr. President, House bill 7201 relates to the taxation of life insurance companies. This bill applies only to the year 1955, for which income tax returns are due on March 15, 1956. The bill passed the House in late July of 1955 and the Finance Committee held hearings thereon last year. Action on the bill was postponed pending a study by the Treasury Department of a permanent method for taxing life insurance companies. It was hoped at that time that the Treasury would find a permanent solution for the taxation of life insurance companies in time for it to be applied to the year 1955. However, the Treasury advised the committee that it would not be possible to have such a permanent plan ready for the insurance companies to file their returns on March 15, 1956. As a result of this information, the committee was faced with a problem of proposing immediate legislation for the year 1955.

In reaching a decision on this matter, the committee had three possible choices. One was to continue the 6½-percent stopgap provision which expired at the end of 1954. If this stopgap provision had applied to the year 1955, it would have resulted in the Government collecting \$197 million from the life insurance companies for that year. Another proposal which was studied by the committee was to permit the 1942 formula which was suspended for the period 1951 to 1954 to come back into operation. While the 1942 formula would produce \$275 million for the year 1955, its arbitrariness is shown by the fact that it yielded practically no revenue in 1947 and 1948. This formula was not adopted by the Finance Committee because it was found that it had many inequities and would be particularly harsh on small companies. The third alternative was for the committee to accept the House bill or the House bill with amendments. The House bill constituted a decided improvement over the two suggestions already discussed. It closed many loopholes in the existing life-insurance provisions and made certain other improvements in the law. However, there were some objections by some insurance companies to certain features of the House bill. These features, which will be discussed later, were eliminated by the committee. H. R. 7201, as it passed the House, would have resulted in the Government collecting \$220 million for the year 1955. As amended by the Finance Committee, the bill will yield \$247.5 million for the year 1955.

The House bill granted life insurance companies a deduction against investment income in lieu of specific deductions. Under the House bill, the deduction depended upon the type of insurance

business done. For 1955, which was the only year covered by the House bill, the deductions allowed from investment income were as follows: 92½ percent of the investment income on reserves held for qualified employees' pension and profit-sharing plans; 90 percent of the investment income on reserves held for individual annuity policies and for certain policyholder deposits; 85 percent of the investment income attributable to the remaining life insurance business.

It was this differential in the deduction allowed for these different classes of life insurance reserves that caused some life insurance companies to oppose the House bill. These companies protested to the committee that such a differential would result in a serious competitive handicap to many companies not conducting this type of business and that additional hearings ought to be held before such a provision was approved. In view of the necessity for action on the bill before March 15, 1956, the committee felt that it could not take time for an extended investigation of this matter and your committee amendment eliminates from the bill provisions for special treatment of pension and annuity business. The insurance company groups agreed to the action taken by the committee. The action was taken without prejudice to this proposal of the House bill, but merely for the purpose of conducting a further study into the matter.

The 6½-percent tax on investment income of life insurance companies under the stop-gap formula which expired in 1954 is equivalent to a 87½-percent deduction on investment income taxed at the regular 52-percent rate. Under the committee bill, it is provided that the first million dollars of total investment income will be entitled to a deduction of 87½ percent before applying the regular corporate rate and the balance of the investment income will be entitled to a deduction of 85 percent. Thus the small life insurance companies—except for loophole provisions—will find that their tax will not be increased over the 1954 stop-gap provision. The larger companies' tax will be increased with respect to that part of their investment income in excess of \$1 million. In addition, the bill, as I have said before, closes various loopholes which have developed over the years.

The bill broadens the definition of investment income which in the past covered only interest, dividends, and rents. The broadening will include as taxable income royalty income, income from a noninsurance business usually acquired under a mortgage foreclosure, and charges equivalent to interest or rent paid for terminating a mortgage before maturity.

Under the bill it is provided for the first time there will be a ceiling on the deduction that a company can be allowed under the 85-percent formula. This ceiling is, broadly speaking, two times the contractual commitments to add interest to policyholder reserves; in other words, it is limited to two times the amount needed for reserves as shown by the corporation's books. It was

thought desirable to use the multiple two times in order to avoid any difficulty with the fact that at particular times a company's books show only an approximation of the original interest commitment. The committee does not intend that this limitation of two times should serve to interfere with the growth of a bona fide insurance company. It is, therefore, provided that in the first 5 years of its operation a company can pay tax on the basis of its total income as an alternative to the tax provided under the bill. The total income will take into account both the life-insurance premiums received and the life-insurance expenses incurred. This will be an advantage only to the extent that the company does in these early years have an excess of expenses over premiums, and this, of course, would occur only if the company were using its investment income in order to really establish life-insurance business. Under the House bill this relief was only granted to companies organized before July 1, 1955. The committee grants similar relief in cases in which the company was organized after July 1, 1955. In addition your committee made a slight change in the House bill to bring it in line with respect to certain mutual assessment companies which must keep a deposit with the State insurance department. This deposit is a life-insurance reserve and it earns interest but the policy does not specify any required interest on reserves. The Finance Committee has adopted a statutory presumption of required interest at 3 percent in this case so that the relief of two times the contractual commitments to add interest to policyholder reserves will apply.

An important provision continued from the House bill is the elimination of the dividends received credit for life-insurance companies. Since these companies already deduct 85 percent of any investment income, it is believed that this one deduction substantially eliminates double taxation in the case of dividends received on stock of other companies held by the life-insurance companies.

The bill makes considerable change in the treatment of accident and health insurance sold by a life-insurance company. Broadly speaking, this income in the past has been taxed under an arbitrary formula which produces somewhat less than would be imposed on the same business conducted by a casualty insurance company. The bill modifies the taxation of this business in the hands of the life-insurance company so as to make it identical with the taxation of the same business in the hands of a mutual casualty-insurance company.

Mr. ELLENDER. Mr. President, will the Senator yield for a question?

Mr. BYRD. I yield.

Mr. ELLENDER. At the request of the junior Senator from Massachusetts [Mr. KENNEDY], who is unable to be present during the consideration of this bill, I wish to ask the following question in connection with section 843 of the pending bill. Is it correct to state that section 843 of the bill is not intended to ap-

ply to life insurance departments of mutual savings banks required by State law, as, for example, the State of Massachusetts, to use a specified fiscal year as their accounting period?

Mr. BYRD. Yes; that is correct. Section 843 does not apply to mutual savings banks.

Mr. ELLENDER. I thank the Senator.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendments. Is there objection to considering the committee amendments en bloc?

Mr. BYRD. We have no objection to that procedure. No objection has been raised to any of the amendments.

Mr. ELLENDER. I have no objection.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendments en bloc.

The amendments were agreed to en bloc.

The PRESIDENT pro tempore. The bill is open to further amendment.

Mr. KERR. Mr. President, I send to the desk an amendment and ask that it be read.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 34, line 12, it is proposed to strike out the figure "4" and insert in lieu thereof the figure "9."

Mr. KERR. Mr. President, section 818 of the bill provides a formula of equity with reference to a certain group of small life insurance companies. The bill as it is before the Senate would provide relief only to companies in that category who have been in operation for 4 years or less. The bill as now before the Senate affects the taxes of insurance companies only for the year 1955, and then ceases to be effective.

In view of the fact that the bill is intended to provide relief to this group of companies, and in order that all companies that fall within that category may be covered by the bill, the amendment I propose is necessary. Therefore, I urge the chairman of the committee to accept the amendment.

Mr. BYRD. I accept the amendment on behalf of the committee. I have consulted with a majority of the committee in that regard, and we consider the amendment to be a meritorious one. It also has the approval of the Treasury Department.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. KERR].

The amendment was agreed to.

Mr. CARLSON. Mr. President, I wish to commend the chairman of the Committee on Finance for bringing this measure before the Senate at this time. It is a bill which must be enacted so that insurance companies may know how properly to work out their tax returns for the past years. It would have been very helpful if such legislation had been given approval earlier.

The committee amendments which have been adopted are very helpful, at least so far as they will take care of a situation which would prevail if we should not enact legislation at this session of Congress. That situation would

extend back to 1942, which I believe would be very unfair.

The amendment offered by the Senator from Oklahoma [Mr. KERR] will be very helpful to the small insurance companies, at least for those on whose behalf we tried to include some amendments in the bill as we were considering it in committee. I am very happy that the proposed legislation is about to be acted on by the Senate.

The PRESIDENT pro tempore. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 7201) was read the third time and passed.

RELIEF OF FARMERS FROM PAYMENT OF EXCISE TAXES IN THE CASE OF GASOLINE AND SPECIAL FUELS

Mr. ELLENDER. Mr. President, under the previous order, I ask unanimous consent that the Senate proceed to the consideration of H. R. 8780.

The PRESIDENT pro tempore. The clerk will state the bill by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments.

Mr. BYRD. Mr. President, before describing the bill I would like to read into the RECORD the following table showing the estimated gallons of gasoline, diesel, and special motor fuels purchased in the fiscal year 1956 and the estimated tax collected thereon:

	Estimated tax collections under present rates	Number of gallons (billions)
Gasoline, diesel, and special motor fuels.....	\$1,000,000,000	50
Fuel for nonhighway use (10 percent).....	100,000,000	5
Fuel for nonhighway agricultural use (6 percent).....	60,000,000	3

It will be seen from the foregoing table that of the total gasoline, diesel fuel, and special motor fuels purchased during the fiscal year 1956, 3 billion gallons were used on the farm. Thus, at the present rate of tax on these fuels, the relief for the farmers will approximate \$60 million.

The committee added an amendment which eliminated custom operators from the bill which will reduce the loss under the bill to approximately \$59 million. Because of the depressed condition of agriculture it is believed that this bill will provide a needed relief to the farmer.

In order to be sure that the farmer will receive relief promptly, the bill provides that refund of the gasoline tax will be made direct to him although the tax is actually paid by the manufacturer. In adopting a refund procedure for this relief, the bill follows the practice in practically all the States with respect to relief to farmers. There are two States, Vermont and Utah, which give no relief to the farmer from State motor fuel taxes. Wyoming exempts only tractor fuel from its tax, and Oklahoma has a complete exemption from the State motor fuel taxes in the case of farmers. All the other States provide relief for the farmers by way of a refund for which the farmer must submit data and file a claim. From the experience of the States in administering relief to the farmer, it is believed that the refund method affords the most practical way of providing relief. Such a method will make it easier for the Government to verify the claim submitted by the farmer as to the amount of gasoline used on the farm.

It is hoped that the Federal Government in administering the law will lean heavily upon the experience already gained by the States in administering State taxes. The bill provides that refunds are to be made on an annual period ending on June 30. The claim is to be made before September 30 of each year and is to be filed by the farmer directly with the appropriate office of the Internal Revenue Service. The Secretary of the Treasury or his delegate will prescribe by regulations the type of records the farmer will be required to keep and the evidence necessary to support the farmer's claim.

This bill will apply only with respect to gasoline purchased by the ultimate purchaser after December 31, 1955. Gasoline which is purchased by a farmer before January 1, 1956, but which is used on or after such date will not receive relief under the bill. The relief under the bill is limited to gasoline used on a farm in the United States for farming purposes in carrying on a trade or business.

The definition of a farm is the same as that used in the Federal Insurance Contributions Act. It includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses, or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards. The term "farming purposes" is also defined in the bill. The bill as passed by the House included use by any person in connection with cultivation of the soil, or the raising or harvesting of agricultural or horticultural commodities, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife. As a result, gasoline used by custom operators or other independent contractors performing a service on a farm in connection with cultivating the soil or raising or harvesting agricultural or horticultural commodities would be eligible for a refund claim under the House-passed bill. Under the committee's bill, the term "farming purposes" includes the above-described type of

operations, but generally only with respect to the operations of an owner, tenant, or operator on his own farm. Operations of a farmer other than on his own farm are included only where the gasoline so used is less than one-half of all of the gasoline used by the farmer for the prescribed type of operations.

The term "farming purposes" also includes the handling, drying, packing, grading, or storing of agricultural or horticultural commodities. However, the work must be done by the owner, tenant, or operator and only if such owner, tenant, or operator produced more than half of the commodities receiving this treatment during the year.

The committee amendment eliminating from the benefits of the bill custom operators or other independent contractors performing services on the farm was made by the committee because there is no assurance that the custom operators will pass the benefits of the refund on to the farmers. However, where farmers perform similar services for their neighbors refunds may be claimed if these operations for neighbors constitute less than half of the total of these operations of the farmer.

The bill also provides relief in the case of fuels used in the planting, cultivating, caring for, or cutting of trees, as well as the preparation, other than sawing logs into lumber, chipping, and other milling operations of trees for market; but the work must be performed by the owner, tenant, or operator of the farm and must be incidental to farming operations. The farmer is also entitled to a refund if he or his tenant or operator uses gasoline in connection with the operation, management, improvement or maintenance of the farm, including farm buildings, tools and equipment.

In the case of diesel fuel the present law provides that the tax is to apply only when such fuel is used in highway vehicles. The bill would exempt diesel fuel used in highway vehicles where such vehicles are used on a farm for farming purposes.

With respect to special motor fuels such as propane, butane, and hot tractor fuel used for farming purposes, relief is granted by way of exemption. I might point out that under present law, diesel fuel and special motor fuels are exempt from tax when used on a farm tractor since farm tractors are not classed as motor vehicles under existing law. The bill also provides a special ad valorem penalty, to be collected as a tax, where an excessive claim for refund is made and where the claiming of such excessive amount is not due to reasonable cause. The penalty consists of two times the excessive amount claimed or \$10, whichever is the greater.

Mr. President, this bill has been unanimously reported to the Senate by the Finance Committee.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Virginia yield?

Mr. BYRD. I yield.

Mr. JOHNSTON of South Carolina. Mr. President, I wish to commend the chairman of the Finance Committee for reporting this bill, and I also wish to compliment the committee as a whole.

This particular bill came before the Committee on Agriculture and Forestry, and our committee, through its chairman, who is present on the floor at this time, had it referred to the Committee on Finance because it dealt with taxes.

We all know that at the present time farmers need whatever help we can possibly give them, and the bill provides one way in which we can help the farmers. The States have been helping the farmers in this manner. The Federal tax, up until recent years, was not so high as the State taxes. For that reason, it did not amount to so much, but in recent years the Federal tax has increased, and this bill will help to a very large extent.

I again commend the committee for its action.

Mr. CASE of South Dakota. Mr. President, will the Senator from Virginia yield?

Mr. BYRD. I yield.

Mr. CASE of South Dakota. Mr. President, I also wish to join in commendations of the Committee on Finance and its chairman.

I should like to ask one question with reference to page 5 of the report. If I have read the paragraph correctly, apparently, the request for refund can apply to gasoline which is used in a farm truck to the extent that the gasoline is used in connection with the cultivating and harvesting of agricultural commodities.

Mr. BYRD. To the extent that the truck is used on the farm for farm purposes.

Mr. CASE of South Dakota. Some States, including my own, I think, do not permit a claim for refund to be filed for gasoline used in any vehicle which is licensed for use on the highway, so in that respect this would appear to be somewhat more liberal than the State refund provision.

Mr. BYRD. The Senator is correct. The committee has considered it carefully and thinks that the definition in the committee bill is the proper one.

Mr. CASE of South Dakota. I think the equities are all in favor of the provision reported by the Committee on Finance. It seems to me that if the gasoline is used in a farming operation, regardless of whether it is used in a jeep which may also be used for highway purposes and agricultural purposes, the claim for a refund should be allowed.

I may say, Mr. President, that the matter of refunding the Federal tax on gasoline for agricultural purposes has increased the equities, in view of the prospective increase of the Federal tax with the idea of providing the fund, so to speak, from which an expanded highway program may be financed. During 1954, when the Senate Committee on Public Works, through the Subcommittee on Roads, conducted hearings, we encountered the question of the increase of the tax beyond the 2-cent level. In view of the recommendation of 1955 that an additional expansion of the interstate road system be undertaken, and that it be financed by a dedication of the Federal gasoline revenue, it seemed to me and to other members of the Committee on Public Works that justice required a refund provision. The distinguished Sen-

ator from Kansas [Mr. CARLSON], and some other Senators and myself introduced last March a bill which embodied this very proposal. We were very happy, therefore, when the President included it among his recommendations for a farm relief program, and we are very happy that the committee has recognized it.

In my study of the matter, it came to my attention that gasoline which was used in yachts and pleasure boats could be exempt from the collection of the Federal gasoline tax. It seemed to me to be most anomalous, to say the least, that the Federal tax law could exempt pleasure yachts from the payment of a Federal gasoline tax, but did not exempt vehicles used in farm operations. Therefore, I think the proposal before the Senate has much to commend it, and I appreciate the prompt action which the Committee on Finance has given to it.

Mr. THURMOND. Mr. President, will the Senator from Virginia yield?

Mr. BYRD. I yield.

Mr. THURMOND. I, too, commend the distinguished chairman of the Committee on Finance and the committee itself for the excellent work it has done on the bill. While I was Governor of South Carolina, the gasoline tax was removed from gasoline used on the farms. That action was a big help to the farmers.

No segment of the population in America today is receiving so little for their efforts as are the farmers. I feel that the bill is a just bill, and should be passed. I am in hearty accord with the bill and with the reasons for its passage, as they were so ably presented by the distinguished chairman of the Committee on Finance.

Mr. SCHOEPPEL. Mr. President, I commend the distinguished Senator from Virginia and the Committee on Finance, of which he is the chairman, for reporting this most important measure.

As was called to the attention of the Senate a moment ago by the senior Senator from South Carolina [Mr. JOHNSTON], who is a member of the Committee on Agriculture and Forestry, the Committee on Agriculture and Forestry in its wisdom and judgment thought the measure should be acted upon promptly. Therefore, I commend the Senator from Virginia and the other members of his committee for acting as quickly as they have in this matter.

The PRESIDENT pro tempore. The first committee amendment will be stated.

The first committee amendment was on page 3, after line 4, to strike out:

(A) by any person in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

And insert:

(A) by the owner, tenant, or operator of a farm, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and manage-

ment of livestock, bees, poultry, and fur-bearing animals and wildlife—

(i) on a farm of which he is the owner, tenant, or operator, or

(ii) on any other farm, but only if the gasoline used by him on other farms is less than one-half of all gasoline used by him on all farms for the purposes enumerated in this subparagraph during the period with respect to which claim is filed.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

Mr. CARLSON. Mr. President, I rise to speak on the bill pending before the Senate. It was my privilege on March 8, 1955, to introduce Senate bill 1336, which was cosponsored by the distinguished senior Senator from Minnesota [Mr. THYE]. The bill provided for a refund or credit for taxes on gasoline used or resold for certain farm equipment.

I have always felt that the taxation of non-highway-used gasoline and the use of the proceeds from such taxes to build highways is inequitable, illogical, and discriminatory.

Mr. President, on March 8 I called to the attention of the Senate the fact that the bill I had introduced would provide for a refund or credit of taxes on non-highway-used gasoline, and made a short statement on the bill. At that time I included, as a part of my statement, a letter I had received from Mr. Matt Triggs, Assistant Legislative Director of the American Farm Bureau Federation, urging the repeal of the tax.

I think today the American Farm Bureau Federation and their associate farm bureaus in the different States throughout the Nation should feel very happy and pleased that the Senate, and I trust the House of Representatives, will complete action on a bill which will eliminate the tax. That organization has for years urged the removal of the tax.

I also included in my statement a letter from the Kansas Farm Bureau, dated February 8, 1955, signed by W. I. Boone, President of the Kansas Farm Bureau, urging that action be taken to eliminate the tax.

Again I say I am pleased that we have been able to reach this point in the enactment of the proposed legislation, and trust that without further delay the tax will be removed.

Mr. President, I ask unanimous consent that the statement I made on March 8, together with the letters I have just mentioned, be printed as a part of my remarks at this point in the RECORD.

There being no objection, the statement and letters were ordered to be printed in the RECORD, as follows:

REFUND OR CREDIT FOR TAX ON GASOLINE USED FOR CERTAIN FARM EQUIPMENT

Mr. CARLSON. Mr. President, I introduce, for appropriate reference, a bill to provide a refund or credit on gasoline used or resold for certain farm equipment.

The Congress originally enacted the Federal gasoline tax in 1932 for purposes of general revenue. Despite this fact the concept has gradually evolved that the purpose of the tax is to finance highway construction.

This concept was crystallized by the enactment of the 1954 Federal Aid to Highway Act. The message from the President, the hearings in the Public Works Committees of both Houses, and the debate on the floor

of both Houses, include numerous references to the effect that the amount appropriated for highways by the Federal Government should be equal to the amount estimated to be available from the Federal gasoline tax. The amount that was authorized by the 1954 act was in fact equal to the estimate of the revenue from the Federal gasoline tax.

The Congress has, therefore, for all practical purposes, established the principle that the Federal gasoline tax is to provide revenue to build highways. Even though the money collected from the gasoline tax is not formally earmarked for this purpose, the net effect is the same.

Since the Federal gasoline tax is considered as a use tax, that is, a tax for using the highways, then it is clearly inconsistent to collect the tax on gasoline used for non-highway purposes.

The major form of nonhighway use of gasoline is on farms. Gasoline used on a farm is one of a number of farm production supplies—gasoline, farm machinery, insecticides, feed, fertilizer, and so on. There is no relationship whatsoever between these production supplies and the use of highways. It would be just as illogical to tax fertilizer and to use the tax for building highways as it would be to tax gasoline used on the farm for this purpose. I do not know of any other industry in which a production supply is taxed to build highways.

Looked at in another way, gasoline used on a farm is a source of power. If power used on the farm is to be taxed to build highways, it would be just as equitable to tax power used in other industries to build highways. We might, for example, tax coal, or electricity, or oil, or natural gas, or diesel fuel, and use the money thus acquired to build highways. But it would not be logical to tax these sources of power for this purpose. Nor is it equitable or logical to tax gasoline used on the farm to build highways.

The taxation of non-highway-used gasoline to build highways is, in my opinion, inequitable, illogical, and discriminatory.

Many of us who have served in various capacities in State government will remember that the same issue has been fought over in the State legislatures. In most States non-highway-used gasoline is exempt from the State gasoline tax. The only States in which the State tax is not refunded for non-highway-used gasoline are Vermont, Utah, and Wyoming. I understand that in two of these States, Utah and Wyoming, there is a considerable likelihood that nonhighway use of gasoline may be exempted from the State gasoline tax in the near future.

The reasons which have impelled 45 State legislatures to exempt nonhighway use of gasoline from the State gasoline tax, are the same as the reasons which should cause the Congress to exempt nonhighway use of gasoline from the Federal gasoline tax, that is, that it is plainly discriminatory to place on one class of citizens a tax for building highways that is not placed on other classes of citizens.

Farmers should pay their fair share of the cost of building highways, as measured by their use of the highways. They should pay both the State and Federal gasoline tax on gasoline used on the highways. But merely because gasoline happens to be the major source of power for farm production is no reason why farmers should pay the gasoline tax on gasoline that is not used on the highways.

It does not seem to me that the administration of this exemption represents any particular problem. There is no reason why the farmer, in applying for his refund of the State gasoline tax used for nonhighway purposes, should not, at the same time and on the same form, apply for a refund of the Federal tax paid for non-highway-used gas-

oline. The State agencies administering this program could merely act as fiscal agents for the Federal Government in this connection. I see no particular difficulty in the State and Federal tax administrators entering into arrangements whereby this could be accomplished without particular difficulty. And even if some difficulties were involved, this is no reason why the Congress should continue this inequitable tax treatment.

I expect some of my colleagues will want to ask, What is to prevent the farmer from including in his application for a refund a portion of his gasoline purchases used for highway purposes? The State governments have, over the years, developed techniques for auditing applications for refunds to prevent such abuse. Even if a few farmers do apply for more refund than they should have on the basis of nonhighway use, this is far more than offset by the fact that during many months of the year farmers do not buy enough gasoline to go to the trouble of applying for a refund on that portion of such gasoline used for nonhighway purposes. Thus, farmers as a group will continue to pay their fair share of the cost of building highways.

I am surprised at the fact that farmers have been fairly quiet over this inequitable situation in years past. I expect that the reason this is so is that most farmers have considered the Federal gasoline tax to be a temporary tax, and, since it would be terminated eventually, there was no purpose in becoming too concerned about the situation. But now that the Congress has extended the Federal gasoline tax year after year, increasing interest in correcting the inequity is developing. In the past few months I have received many letters from farmers on this situation. It appears to me that their case is fully justified and that the Congress has a responsibility to take action to eliminate this discrimination at the earliest feasible date.

Some of my colleagues may agree that nonhighway use of gasoline should be exempted from the Federal gasoline tax, but argue that this is not the time to reduce taxes. I would say to them that this is not a tax reduction, but, rather is a correction of an obvious inequity that the Congress should have corrected many years ago.

For these reasons, I am introducing a bill to provide for the exemption of gasoline used for nonhighway purposes from the Federal gasoline tax. Similar bills have been introduced in the House. I hope that the House Ways and Means Committee and the Senate Finance Committee will give such bills their early consideration.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD, following my remarks, and that, in addition, a letter from the American Farm Bureau Federation on this subject, and a letter from the Kansas Farm Bureau at Manhattan, Kans., be printed in the RECORD as a part of my remarks.

The letters, presented by Mr. CARLSON, are as follows:

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., March 7, 1955.

Hon. FRANK CARLSON,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CARLSON: The American Farm Bureau Federation has long favored termination of the Federal gasoline tax, thus leaving this source of revenue available to the States.

Until such time as the Federal gasoline tax is terminated, we recommend an exemption from taxation for gasoline used for nonhighway purposes.

Although the Federal gasoline tax was originally adopted to provide general revenues, the concept has been gradually adopted

that the purpose of the tax is to finance highway construction. Current discussions of the Clay committee report and other proposals for an expanded highway construction program, all involve the idea that gasoline tax revenues are the source of highway financing.

We submit that to continue to tax gasoline used for nonhighway purposes to build highways is inequitable. Gasoline used for nonhighway purposes is no more related to the use of highways than fuel oil or coal used for heating buildings.

The American Farm Bureau Federation respectfully recommends that at an early date in the current Congress that hearings be held by the Senate Finance Committee on the proposal that nonhighway used gasoline be exempt from the Federal gasoline tax.

Very sincerely,

MATT TRIGGS,
Assistant Legislative Director.

KANSAS FARM BUREAU,
Manhattan, Kans., February 8, 1956.
Senator FRANK CARLSON,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CARLSON: Since the Federal gasoline tax at the 2-cent rate will expire April 1, 1955, legislation to provide for extension will undoubtedly be considered in the near future.

Kansas Farm Bureau was willing to go along with the Federal gasoline tax at the time it was originally adopted as a means of financing necessary war effort with the idea that it would be only a temporary measure used not only for road purposes but other activities as well. The thinking is that a gasoline tax should be left to the State legislatures as a method of financing road construction and maintenance by the States and counties.

It now appears that Federal financing of roads with some of the funds raised by a gasoline tax is to be a permanent policy of our National Government. If this policy is to continue, and so long as it does continue, that part of our gasoline consumption which is used for nonhighway purposes should be exempt from a Federal tax.

To impose a special tax on nonhighway gasoline for building roads is as unrealistic as it would be to impose a special tax on any other material used in the production of any commodity including agriculture commodities. Some method of exempting nonhighway gasoline from this tax must be found. This might be done by exemption or by a refund system as now practiced by many States. Arrangements could be made with the States, whereby a refund of the Federal tax might be applied for and paid along with the State.

We know that none of our Kansas congressional delegation are on the House Ways and Means Committee where the extension of the gasoline tax will first be considered. But we also know that you may be in a position to exert some influence with the House committee. With your knowledge of the history of gasoline taxes in Kansas, you realize that Kansas farmers are very much opposed to taxing gasoline which is not used on roads, regardless of whether the tax is State or Federal. To do otherwise is to burden farmers with an added heavy production cost to further aggravate the cost-price squeeze. Kansas stands near the top in the use of gasoline for agriculture production.

Many Congressmen will not have the direct interest in this issue that you have. We must depend on our representation from agricultural areas to explain the discrimination effected through a special tax on nonhighway gasoline used for road purposes.

Sincerely yours,

W. I. BOONE,
President.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The question is on agreeing to the committee amendment on page 3, after line 4.

The amendment was agreed to.

The next amendment was on page 6, line 7, under subparagraph "(h)," in the next to the last line, after the word "to", to strike out "claims" and insert "crimes."

The amendment was agreed to.

The next amendment was on page 11, after line 11, to strike out:

(i) sections 7603 (relating to service of summons), 7604 (relating to enforcement of summons) and 7605 (relating to time and place of examination) of such code are each amended by striking out "section 7602" wherever it appears and inserting in lieu thereof "section 6420 (e) (2) or 7602."

And, in lieu thereof, to insert:

(1) Sections 7603 (relating to service of summons) and 7604 (relating to enforcement of summons) and the first sentence of section 7605 (relating to time and place of examination) of such code are each amended by striking out "section 7602" wherever it appears and inserting in lieu thereof "section 6420 (e) (2) or 7602." The second sentence of section 7605 of such code is amended by striking out "section 7602" and inserting in lieu thereof "section 7602, or under the corresponding authority of section 6420 (e) (2)."

The amendment was agreed to.

The PRESIDING OFFICER. Are there further amendments to be offered?

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 8780) was read the third time and passed.

IMPENDING RESIGNATION FROM THE SENATE OF SENATOR THURMOND

Mr. THURMOND. Mr. President, I ask unanimous consent to have printed in the body of the RECORD the text of an announcement I made in Columbia, S. C., the capital of my State, on March 3, 1956.

The announcement explains a promise I made to the people of South Carolina in the fall of 1954, when I entered the campaign for election to the Senate. It also explains why I have submitted my resignation to the Governor of South Carolina and will give up my Senate seat on April 4, in spite of the fact that more than 4 years remain of the 6-year term to which I was elected.

In the Democratic primary in South Carolina on June 12, I will be a candidate for the nomination of my party to enter the November general election to seek the approval of the voters of my State to succeed myself in the Senate for the remainder of my term.

Although the press has published my reasons for taking this action, I believe it appropriate that I should present this explanation to my distinguished colleagues. Many courtesies and kindnesses have been extended to me by the Members of this great deliberative body. I

deeply appreciate the friendship of the Members of the Senate, and I hope to renew my membership in this body if it be the will of the people of South Carolina that I shall do so.

There being no objection, Mr. THURMOND's announcement was ordered to be printed in the RECORD, as follows:

NEWS STATEMENT BY SENATOR STROM THURMOND, OF SOUTH CAROLINA, IN COLUMBIA, S. C., MARCH 3, 1956, ANNOUNCING HIS RESIGNATION FROM THE UNITED STATES SENATE

The untimely death of Senator Burnet R. Maybank came on September 1, 1954, just over 2 months before the General Election on November 2 of that year. Senator Maybank had been renominated in the Democratic primary without opposition.

If a special Democratic primary had been held to nominate a successor to Senator Maybank, the voters in that primary would have been bound by South Carolina law and by oath under State Democratic Party rules to support the nominee. A special primary was not held. Therefore, the Democrats of South Carolina were free to vote for the person of their choice for the full 6-year term in the 1954 general election.

Democrats in every county called on me to lead a write-in campaign as their candidate for the Senate. The view of many political observers was that such a campaign would be hopeless because of the difficulties of write-in balloting.

I believed the people themselves had a right to vote for a candidate of their choice to fill an office, especially since the term of office was for 6 years. I agreed to become a Democratic write-in candidate for the Senate seat left vacant for the term beginning in January 1955.

In the 1954 campaign I stated:

"This is a fight for principle. * * * To make the principle at stake crystal clear, I pledge to the people of South Carolina that if I am elected in the general election on November 2, I will tender my resignation in 1956 in sufficient time to let the Democrats of South Carolina nominate a United States Senator in the regular Democratic primary election that year, which is the earliest regular primary to be held."

On March 21 the State Democratic Convention will be held. One of its functions is to provide for a primary to nominate Democrats for the various offices which will be filled by the voters in November in the general election. Candidates who enter the primary must qualify between noon on March 22 and noon on April 5.

The time has come for me to fulfill my promise to the people of South Carolina.

I have tried to choose a course that will be as crystal clear as the principle I upheld in the 1954 campaign.

Today I have delivered my letter of resignation to Governor Timmerman.

The text of the letter states:

"In keeping with the pledge which I made to the people of South Carolina during the 1954 campaign, and in order that the State Democratic convention can place the office in this summer's primary, I hereby resign as United States Senator effective on and as of April 4, 1956, and I respectfully request that you accept this resignation effective on that date."

The State convention can provide for a primary to nominate a candidate for the remaining 4 years of the 6-year term to which I was elected. The Democrats of South Carolina can have the opportunity of nominating the person of their choice on June 12. Any person who desires to enter the primary as a candidate has sufficient notice.

I shall be a candidate for nomination in the primary to succeed myself in the Senate.

My resignation was made effective April 4, the day before the closing of the books for

qualification and before the campaign opens. Because of the unprecedented circumstances of the 1954 senatorial election, I would not want to have any advantage which might result from my holding office during this primary campaign.

My resignation will guarantee a free and open primary election for South Carolina Democrats. I believe the course I have taken in resigning, and in making this announcement a month before the effective date, fulfills to the utmost the pledge I made to the people in 1954.

The trust reposed in me by the people has been deeply appreciated, and I have tried at all times to reward this trust by exerting my best efforts on behalf of the State and the Nation.

Mr. McCLELLAN. Mr. President, I have just listened with much regret to the announcement just made by our distinguished colleague, the junior Senator from South Carolina.

First, I commend him for keeping and carrying out the promise to which he referred, which he made to the people of his State during the campaign in 1954 when he was elected. I think that is most commendable.

I think also it is appropriate for me, as the chairman of the Committee on Government Operations, on which committee the distinguished junior Senator from South Carolina has served since he became a Member of the Senate, to say that he is to be commended for the splendid work he has done as a member of that committee. I cannot say I was surprised, but I was highly gratified, when Senator Thurmond was assigned to the Committee on Government Operations. He immediately evidenced a clear grasp of the legislative process. He has proved to be a most valuable member of that committee.

Furthermore, we who have observed him—and all of us have observed his fine work here in the Senate—are fully convinced that the junior Senator from South Carolina has the capacity and qualities essential to become a great Senator, an able representative of the sovereign State of South Carolina. It is my hope, which I take the liberty to express, since the Senator has announced that he will be a candidate to succeed himself in the coming election, that he will be successful in his campaign, and that the people of the great State of South Carolina will return him to this body, at which time he will have the opportunity to continue his distinguished career as a Member of the United States Senate.

I shall miss the junior Senator from South Carolina during what I trust will be only a brief absence from the Senate. It would be my desire when he returns that he should again be assigned as a member of the Committee on Government Operations, if I should still be serving as the chairman of that committee. The junior Senator from South Carolina has been a valuable member of the committee. If he is returned by his people and shall be so assigned, I know he will continue to make a splendid contribution to the work of the committee, and above all, to the deliberations of the Senate, as well.

Mr. BYRD. Mr. President, I deeply regret that our colleague, the junior Senator from South Carolina [Mr. THUR-

MOND], has thought it proper to resign from the Senate; but I am consoled by the fact that I believe his absence will be only temporary, and I express the hope that it will be.

During my service in the Senate, I do not know of any Senator who has won for himself a more enviable position in the respect and confidence of his colleagues than has the junior Senator from South Carolina.

He has been extremely diligent in his senatorial duties, has shown a wide range of knowledge of governmental affairs, and has contributed in a most substantial way to steps looking to a better government, and, especially, to the preservation of the fundamental principles of our Government.

I knew Senator THURMOND when he was Governor of South Carolina, where he made a very notable record.

Personally, I regret very much his resignation, but I hope he will soon be back among us to continue the splendid work he is so ably performing.

Mr. STENNIS. Mr. President, I, too, deeply regret that the junior Senator from South Carolina, because of the circumstances he has related, will not be with us for a while. I have found him to be a very active Senator. Although he has been a Member of the Senate for only a little more than a year, he has taken a very active part in the consideration of many of the major bills and other matters pending before Congress.

I have found the junior Senator from South Carolina to be a man of great sincerity. He is what I would call an effective Senator. That, after all, is the ultimate test.

I know of his great interest in military affairs, and especially of his wonderful knowledge of the Reserve program, and in the promotion of that program he has been active before the Committee on Armed Services. In his own State, also, he has been interested in the Reserve program and in other major aspects of the military program. He has been most helpful to the members of the Committee on Armed Services.

I trust that in the course of a few months he will be reelected to the Senate, so that he may continue his excellent service, and add new luster to the distinguished record he has already made.

Mr. EASTLAND. Mr. President, I certainly regret the resignation of the Senator from South Carolina [Mr. THURMOND], but I am most happy that he will be back with us in a few months. I have never known a Senator in so short a time to make greater progress or to rise higher than has the Senator from South Carolina.

As my colleague [Mr. STENNIS] stated, the Senator from South Carolina has been a very effective Senator. He is one of the most popular Members of this body. He is conscientious, his character is above reproach, and he certainly is a great asset to the State of South Carolina.

I was privileged at one time, a few years ago, to support him for President of the United States, and I believe he would have made a very fine President,

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued March 20, 1956
For actions of March 19, 1956
84th-2nd, No. 48

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HIGHLIGHTS: Senate passed farm bill, 93 to 2. Both Houses received President's foreign aid message. House conferees were appointed on bill to exempt farmers from excise tax on gasoline used on farm. House received conference report on bill extending school milk and brucellosis programs. House passed measure providing for Farm-City Week designation. House passed bill providing for loans and cost-sharing on certain irrigation systems. House passed D. C. appropriation bill for 1957. House received from FCA draft legislation affecting certain production credit corporations.

SENATE

1. FARM PROGRAM. Passed, 93 to 2, with amendments, H. R. 12 after substituting the text of the amended Senate farm bill, S. 3183, for the text of the House bill. Senators Ellender, Johnston of S. Car., Holland, Aiken, and Young were appointed conferees on the bill. pp. 4502-12
Agreed to the following amendments:
By Sen. Douglas, to make explicit the method of protecting tenants and share-croppers in payments which are made for acreage put under the acreage reserve program. pp. 4468-70
By Sen. Kerr, to require certification under price support purchase programs that prices received by the producer was not less than the support price of the commodity, or a fair price as determined by the Secretary, by a vote of 49 to 44 (a motion to reconsider was tabled, 52 to 42). pp. 4470-75
By Sen. Holland, to make mandatory that farmers be required to place up to 15% of price-supported croplands in the acreage reserve program or the conservation reserve program to be eligible for price supports, by a vote of 48 to 46 (a motion to reconsider the vote was tabled). pp. 4476-84
By Sen. Chavez, to increase the acreage allotments for Valencia type peanuts. pp. 4484-85
By Sen. Murray, to reconsider a recently defeated amendment proposed by Sen. Morse to strike out section 309 of the bill which requires a 15% State

contribution to the cost of feed and seed furnished as disaster relief. The amendment was reconsidered and agreed to by a vote of 47 to 45 (a motion to reconsider the vote was tabled). pp. 4486-92

By Sen. Humphrey, to make mandatory the corn set-aside provisions of the bill; and to increase the set-asides for upland cotton and wheat, by a vote of 50 to 44 (a motion to reconsider was tabled). pp. 4492-4501

By Sen. Stennis, to provide minimum cotton acreage allotments for small farms of 4 acres, or highest number of acres planted to cotton in last 3-year period; and to provide a 1000-acre cotton allotment to the State of Nevada. pp. 4501-02.

Sen. Jenner offered and later withdrew an amendment to provide incentive payments to producers of light-weight cattle and hogs. pp. 4485-86

HOUSE

2. SCHOOL MILK; BRUCELLOSIS ERADICATION. Received the conference report on H. R. 8320, to provide for an extension of the school-milk and brucellosis eradication programs (H. Rept. 1898). pp. 4522, 4533 Consideration of the conference report was tentatively scheduled for Tues., Mar. 20. p. 4522

3. TAXATION. Requested a conference on H. R. 8780, to exempt farmers from the Federal excise tax on gasoline used on the farm, and conferees were appointed. p. 4517 Senate conferees have not yet been appointed.

The Ways and Means Committee reported with amendment H. R. 9075 to provide additional revenue from the taxes on motor fuel, tires, trucks and buses (H. Rept. 1899).

4. FOREIGN AID. Both Houses received the President's message on the Mutual Security program (H. Doc. 358). pp. 4429, 4517 The President's message requested the authority of Congress to make a program of long range expenditures possible. The message requested additional funds for economic assistance programs in the Middle East and Africa, and Asia; but noted that no economic assistance is proposed for any European country in NATO. Technical assistance programs would be continued to Europe, Middle East, Africa, Asia, and Latin America. The message further noted that attempts would be made to coordinate the disposal of surplus commodities under the Mutual Security program and activities under the Agricultural Trade Development and Assistance Act.

5. FARM-CITY WEEK. Passed with amendments H. J. Res. 317, designating the last full week in October as Farm-City Week. p. 4523

6. LANDS, DISPOSAL. At the request of Rep. Aspinall passed over without prejudice H. R. 6815, to provide for the orderly disposition of certain Title III lands acquired under the Bankhead-Jones Farm Tenant Act. p. 4523

7. RECLAMATION. At the request of Rep. Thompson, N. J., passed over without prejudice H. R. 9132, providing for the approval of the report on the Interior Department of the Ainsworth unit of the Missouri River Basin project. p. 4524
Passed as reported H. R. 5975, to authorize the Secretary of the Interior to reimburse owners of lands acquired under Federal reclamation laws for their moving expenses. p. 4524

Passed as reported S. 1194, to provide for the construction by the Interior Department and Army Corps of Engineers of the Red Willow Dam and the Wilson Dam as part of the Missouri River Basin project. p. 4525

House of Representatives

MONDAY, MARCH 19, 1956

The House met at 12 o'clock noon.

Dr. Sterling Lorenz Price, minister, the University Baptist Church, Abilene, Tex., offered the following prayer:

Our Heavenly Father, we are grateful today for Thy tender mercies and Thy loving kindness. We do not stand before Thee as preachers and lawmakers—rather do we stand as needy mortals pleading for that peace that passes all understanding.

Teach us to know that there can be no peace without until we have Thy peace within and that we cannot solve problems until we cease to be problems.

Forgive us our sins. We say we know Thee and then act as if we had never heard of Thee; we say Thy way is best and then walk in strange ways; we quote Thy word and do not live by Thy word.

In these days of stress give us strength to stand for something lest we fall for anything. Give us wisdom to distinguish between the true patriot who keeps our beloved country strong and the charlatan who would sell out to the highest bidder both his soul and his country for a mess of pottage.

And we pray it through Jesus Christ our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, March 15, 1956, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Tribbe, one of his secretaries, who also informed the House that on the following date the President approved and signed a bill of the House of the following title:

On March 16, 1956:

H. R. 7588. An act granting the benefits of section 301 (a) (7) of the Immigration and Nationality Act to certain children of United States citizens.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 582. Joint resolution making additional appropriation for the Department of Labor for the fiscal year 1956, and for other purposes.

The message also announced that the Senate had passed a bill and a joint resolution of the following titles, in which

the concurrence of the House is requested:

S. 3452. An act to amend the act of July 15, 1955, Public Law 161, 84th Congress (69 Stat. 324), by increasing the appropriation authorization for the aircraft control and warning system.

S. J. Res. 135. Joint resolution for payment to Crow Indian Tribe for consent to transfer of right-of-way for Yellowtail Dam unit, Missouri River Basin project, Montana-Wyoming.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 1529. An act to revise the boundaries of the Theodore Roosevelt National Memorial Park, in the State of North Dakota, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8320) entitled "An act to amend the Agricultural Act of 1949 and the Agricultural Act of 1954 with respect to the special school milk program and the brucellosis eradication program for the fiscal year ending June 30, 1956."

EXCISE TAXES ON GASOLINE AND SPECIAL FUELS USED ON THE FARM FOR FARMING PURPOSES

Mr. COOPER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

The SPEAKER pro tempore (Mr. McCormack). Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. COOPER, MILLS, GREGORY, REED, and JENKINS.

HIGHWAY REVENUE ACT OF 1956

Mr. COOPER. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight to file a report, including any supplemental views, on the bill H. R. 9075, the Highway Revenue Act of 1956.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

MUTUAL SECURITY PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 358)

The SPEAKER pro tempore laid before the House the following message from the President of the United States, which was read and referred to the Committee on Foreign Affairs and ordered to be printed:

To the Congress of the United States:

For almost a decade the United States has moved, year by year, with growing success, to help fortify the economies and military strength of nations of the free world. Over the years this effort has changed in size and character in keeping with changing world affairs. Today it remains as indispensable to the security of every American citizen and to the building of an enduring peace as on the day it began 9 years ago.

Today this great Nation, at the peak of its peacetime military and economic strength, must not hesitate or retreat in this vital undertaking. Nor can we subordinate this program to local concerns or collateral issues, on the unsound premise that steady progress through this program for 9 years makes it no longer necessary.

We cannot now falter in our quest for peace.

The need for a mutual security program is urgent because there are still nations that are eager to strive with us for peace and freedom but, without our help, lack the means of doing so.

The need is urgent because there are still forces hostile to freedom that compel the free world to maintain adequate and coordinated military power to deter aggression.

The need is urgent because there are still peoples who aspire to sustain their freedom but confront economic obstacles that are beyond their capabilities of surmounting alone.

These facts are as fundamental to our own security and well-being as the maintenance of our own Armed Forces.

Our goal is clear—an enduring peace with justice. To achieve it will continue to require effort, skill, patience, and sacrifice. Toward it we must and will strive constantly by every means available to us.

We must continue to work with other countries to insure that each free nation remains free, secure from external aggression and subversion, and able to develop a society marked by human welfare, individual liberty, and a rising standard of living. We must continue to maintain our economic and military

strength at home. We must continue to stimulate expansion of trade and investment in the free world. We must continue helping to build the productive capacities of free nations through public loans and guaranties of private investment. We must continue to provide technical knowledge and essential materials to speed the advance of other nations in peaceful uses of the atom. We must continue our cultural and educational exchanges to expand mutual knowledge and understanding. We must continue and intensify our information programs so that the peoples of the world may know our peaceful purposes and our love of human liberty. And through our mutual security programs we must continue helping to create in the free world conditions in which freedom can survive and develop, and free nations can maintain the defensive strength necessary to deter aggression.

Peace with justice remains the sole objective of our mutual security programs. We have no other interest to advance. We have no desire or intent to subjugate or subvert other peoples—no purpose to change their chosen political, economic, or cultural patterns—no wish to make any of them our satellites. We seek only to further the cause of freedom and independence and to develop the military strength necessary to protect and defend it, in the interest of peace.

To help a free country to maintain forces necessary for the protection of its freedom and independence but beyond those which it can alone support may mean foregoing some domestic expenditure. To help a less developed nation in its initial steps toward an economy that can sustain freedom and independence and provide opportunity for higher living standards may mean postponement of desirable projects here in this country. We must continue willing to make these sacrifices, for the benefits we gain in the interests of peace are well worth the price. The mutual security program is a demand of the highest priority upon our resources.

Because our people and the peoples of other nations in the free world have been willing to make the necessary sacrifices, the past mutual-security programs have achieved a real measure of success. By combined effort the free world has advanced toward stability and toward economic strength. It has achieved the power and the will to resist aggression. Collective security arrangements have brought into existence free world defense forces and facilities far greater than those which we, by our unaided efforts, could have raised and maintained from our own resources without a crushing burden of taxation on our people. In their economic aspects, our programs have made significant advances toward the solution of many problems of the free world. Without this assistance many other nations, beyond doubt, if existing at all, would exist today only in the grip of chaos. Moreover, we ourselves are more secure, more prosperous, better fitted to go forward in the common enterprise of freedom than ever before.

Significant testimony to the success of our mutual security programs appears in the new turns and developments of Soviet policy. Aggression through force appears to have been put aside, at least temporarily, and the Communists are now making trade approaches to many nations of the free world.

The Soviet maneuver, which is still developing, includes offers of bilateral trade arrangements which may involve provision of arms and capital goods as well as technical assistance. Had we any reason to believe that the Soviet leaders had abandoned their sinister objectives, and now shared our own high purpose of helping other nations to develop freedom and independence, we would welcome the new Soviet program, for it appears to have aspects of normal trade expansion and business competition. Its danger for us and for other free nations, however, lies in the additional Soviet objectives and in the entanglements to which acceptance of their offers may lead.

Even while we welcome respite from the Soviet policy of threat and violence, we must take careful stock of what still remains of it. The vast Soviet military establishment has not been scrapped. On the contrary, the Soviets and their Communist allies are increasing the strength and effectiveness of their armed forces and are providing them with with equipment of the most modern design. The threat implicit in this huge aggregation of military power still casts an ominous shadow over the world. There is nothing here to warrant a slackening of our efforts to strengthen the common defense of the free world.

In its new departments in foreign policy, we see that the Soviet Union continues in its familiar pattern of ceaseless probing for opportunities to exploit political and economic weaknesses. We cannot view otherwise the arms traffic in areas where tensions are high and the peace is in danger. We cannot view otherwise the extension of credits hand in hand with exploitation of ancient animosities and new hatreds in a world already overburdened with them.

We must therefore assume that Soviet expansionism has merely taken on a somewhat different guise and that its fundamental objective is still to disrupt and in the end to dominate the free nations. With Soviet leaders openly proclaiming their world aim, it would be folly for us and our friends to relax our collective efforts toward stability and security.

Needless to say, we do not intend to permit specific Soviet moves to control our activities. Our mutual-security program, conceived in the common interests of the free nations, must go ahead affirmatively along tested lines to meet the common need. Where changes now give promise of making the program more responsive to the need and more effective, I am recommending changes.

The authorizations and appropriations I am recommending for fiscal year 1957 are designed to carry forward the program toward the goal we seek.

I recommend that the Congress authorize appropriations of \$4,672,475,000 in accordance with the schedule attached. In a separate letter to the Speaker of the House of Representatives, I am requesting the appropriation of \$4,859,975,000 for the same fiscal year to cover these recommended authorizations together with authorizations granted but not fully used in prior years. Certain aspects of this program require special attention.

CONTINUITY AND FLEXIBILITY

We should be able to assure the nations of the free world that we will continue to participate in particular non-military projects and enterprises which will take a number of years to complete. Such assurance from us will help these nations to mobilize their own funds for projects which will contribute to an important degree to their economic strength, to enlist public and private loans and investment, and to plan ahead intelligently. It will be difficult for these nations to organize such projects unless mutual security program support can be relied on for more than a single year.

I request authority of the Congress to make commitments up to 10 years in length to assist less developed countries in long-term projects important to their development. Funds to fulfill such commitments would come from appropriations for nonmilitary mutual security, and would not exceed an aggregate of \$100 million in any year.

The mutual security program, in a world in which events move with great rapidity, requires that flexible authority exist for the use of funds made available by the Congress. Section 401 of the Mutual Security Act of 1954, as amended, provides such flexibility with respect to the funds appropriated, or transferred, for use pursuant to that section. It provides a valuable means of meeting numerous unforeseeable requirements for assistance without the necessity for postponing or reducing other urgently needed programs.

A year ago the Congress appropriated a special Presidential fund of \$100 million to be used under section 401. For fiscal year 1957, I request the authorization of an appropriation of a further \$100 million for this special fund. I also ask that the authority of the President to transfer other mutual security funds for use under the provisions of section 401 be increased. With respect to at least \$100 million in this special fund, I urge that the maximum degree of flexibility be authorized for its expenditure whenever the President determines that the use of sums in this manner is important to the security of the United States.

The Middle East and Africa are areas in which it is especially important to build new strength friendly to us. There is need for an adequate fund which can be used to assist in meeting special economic problems that may arise in those regions. The United States must be in a position to act promptly to help the governments in this area in their efforts to find solutions for economic and social problems. I therefore recommend crea-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued March 21, 1956
For actions of March 20, 1956
84th-2nd, No. 49

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HIGHLIGHTS: Senate sent to conference bill to exempt farmers from excise tax on gasoline used on farm. House commenced debate on second supplemental appropriation bill for 1956. House received from President appropriation estimates for 1957 mutual security program.

HOUSE

1. APPROPRIATIONS. Commenced debate on H. R. 10004, the second supplemental appropriation bill for 1956. p. 4599
2. SCHOOL MILK; BRUCELLOSIS ERADICATION. Reps. Byrnes and Laird criticized the conference report on H. R. 8320, to extend the school milk and brucellosis eradication programs to the end of this fiscal year; while Reps. Abernethy and Multer expressed satisfaction with the conference report as fulfilling the objective set forth in the proposal. p. 4593
3. FOREIGN AID. Received from the President appropriation estimates for 1957 in the amount of \$4,859,975,000 for the mutual security program (H. Doc.360); to the Appropriations Committee. p. 4633
4. PERSONNEL. Received from the Commerce Department draft legislation "to authorize the establishment of eight positions for specially qualified scientific and professional personnel in the Department of Commerce with rates of compensation not to exceed the maximum rate payable, pursuant to Public Law 313, 80th Congress;" to the Post Office and Civil Service Committee. p. 4634
5. DEFENSE PRODUCTION. The Banking and Currency Committee ordered reported H. R. 9852, to extend the provisions of the Defense Production Act of 1950. p. D263

6. FOOD. The Judiciary Committee, in executive session, tabled H. Con. Res. 204, to provide for the commemoration of the 50th anniversary of the Food and Drug Act. p. D264
7. LEGISLATIVE PROGRAM. The "Daily Digest" states that on Wed., Mar. 21, H. R. 10004, the second supplemental appropriation ~~Bill~~ for 1956, and the conference report on H. R. 8320, to extend the school milk and brucellosis eradication programs to the end of this fiscal year, will be considered. p. D262

SENATE

3. TAXATION. Senate conferees were appointed on H. R. 8780, to exempt farmers from the Federal excise tax on gasoline used on the farm. p. 4540 (House conferees were appointed March 19.)

Sen. Humphrey inserted a National Council of Farmer Cooperatives resolution favoring a clarification of the taxable status of co-op patrons who receive refunds, opposing withholding tax for patrons receiving co-op refunds, and favoring legislation to eliminate double taxation on members and patrons of co-ops. p. 4536

9. NATURAL RESOURCES. Sen. Neuberger criticized the natural resource and public power policies of Secretary McKay, and inserted a letter he had written to a newspaper criticizing the Secretary, including references to the Al Sarena forestry case. p. 4541

ITEMS IN APPENDIX

10. ACREAGE ALLOTMENTS. Sen. Martin inserted a newspaper editorial describing the planting of various crops in the Delaware Valley and the indicated acreage allotments for such crops. p. A2458
11. COTTON. Extension of remarks of Rep. Elliott stating that the reduction in Alabama's cotton acreage for 1956 is creating hardships for many farmers and inserting an Alabama Legislature resolution concerning the cotton-allotment and outlining the serious plight of Alabama's cotton farmers. p. A2458
12. ELECTRIFICATION. Sen. Kefauver inserted excerpts from a speech by Clyde T. Ellis, Nat'l Rural Electric Cooperative Ass'n, "Freedom and Abundance Are The American Way." p. A2465
13. STATEHOOD. Del. Bartlett inserted a newspaper editorial objecting to so-called organized opposition each time a proposed Alaska statehood bill comes up before Congress. p. A2468
Del. Bartlett inserted a newspaper editorial favoring the proposed draft of a State constitution for Alaska. p. A2483
14. CONSERVATION. Extension of remarks of Rep. Avery paying tribute to the late Col. Henry J. Weltmer, and to the outstanding program of soil conservation which he helped foster and inserting a summarization of basic conservation plans. p. A2463
15. WATER RIGHTS. Rep. Burdick inserted a No. Dak. State Water Conservation Commission resolution urging Congressional recognition of States' rights in and to the waters of streams and natural water courses. p. A2494

products, introduced by Mr. HUMPHREY, was received, read twice by its title, referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD as follows:

Resolved, etc., That the Federal Trade Commission is hereby authorized and directed to make a thorough investigation and study of the structure of the industry and of the corporate and commercial relationships and practices which affect the supply, production, transportation, distribution and sale of refined petroleum products including particularly, gasoline, fuel oils and lubricating oils and report the facts, with any recommendations deemed appropriate, to the Congress of the United States; and

That the investigation directed include ascertainment of the facts necessary to determine if there exist in the refined petroleum products industry, practices and policies which may violate any of the laws of the United States and whether practices and policies employed in the industry in the United States may have a tendency to restrain competition or to create a monopoly at any industry level in any section of the country; and

That the Federal Trade Commission shall specifically report as to any practices current in the industry which may adversely affect the public and small and independent refiners and marketers of refined petroleum products; and

That in order to avoid any unnecessary duplication of work already done by other agencies of the Government the Federal Trade Commission, for the purposes of this resolution is authorized to request any pertinent information in the possession of, or loan of specially qualified personnel of, any other agency of the United States Government; and

That the Federal Trade Commission shall from time to time and at intervals of not more than 6 months report to the Congress of the United States upon the progress of the investigation and study herein directed and shall within 18 months after the effective date of this resolution and the availability of appropriations, make a final report, with its recommendations, to the Congress of the United States; and

That there is hereby authorized to be appropriated to the Federal Trade Commission for carrying out the purposes of this resolution the sum of \$600,000.

Mr. HUMPHREY. The purpose of this joint resolution is to empower the Federal Trade Commission to investigate competitive conditions existing in the oil industry. In more formal language, the joint resolution may be said to authorize and direct the Commission to make an investigation and study of the existing structure of the oil industry and of the corporate and commercial relationships which affect the supply, production, transportation, distribution, and sale of refined petroleum products including particularly gasoline, fuel oils, and lubricating oils.

By design, the scope of the investigation to be authorized is quite broad. To insure the success of the undertaking the Commission must be enabled to freely examine every relevant activity of the industry. Accordingly, the Commission is expected to explore thoroughly those industry marketing practices having anticompetitive effects or which would otherwise violate Federal antitrust law. In addition, it anticipated that the Commission in the course of its investigation will bring into proper focus any industry practices ad-

versely affecting the interest of the public and the small and independent refiners and marketers of petroleum products.

Recognition of the pressing need for an investigation of the oil industry is not, of course, being made now for the first time. On previous occasions, other Members of Congress have called for such an inquiry, the most recent being recommended in 1950 by Representative CLARENCE CANNON, of Missouri. The Federal Trade Commission has also been aware of the necessity for an investigation of the oil industry, at least since 1939. In that year, the Commission submitted to the celebrated Temporary National Economic Committee a formal report entitled "A survey of Controversial Marketing Practices in the Petroleum Products Retail Industry as Presented to the Temporary National Economic Committee." The favorable attitude of the Commission toward investigating the oil industry was expressed in that report in these words:

The data presented herewith constitute a survey of the character of questionable and perhaps illegal marketing practices, which allegedly permeate the entire retail marketing structure of the petroleum industry. It is quite apparent that a proper solution of the various problems presented herewith cannot be made until a thorough and complete investigation has been made of the marketing practices in this industry, with particular relation to the marketing practices of the major oil companies. The report itself is illustrative of the fact that complaints have been lodged against every large marketer, group of marketers, and some retail associations. Some of these matters (those which seem most serious or oppressive) have been investigated by the Commission and corrective action taken in a number of instances. Other complaints have been referred to the Department of Justice. The Commission has been unable to undertake a general investigation of the various practices for the reason that it has not had an appropriation sufficient to enable it to conduct such a comprehensive investigation and at the same time carry on the duties imposed upon it by law.

Unfortunately for the small-business segment of the oil industry, the investigation so firmly urged by the Commission in its report to the TNEC was never undertaken.

Less than a month ago, during the final public testimony received by my Small Business Subcommittee on the New Jersey gasoline price war, John W. Gwynne, the Chairman of the Federal Trade Commission, was asked whether competitive conditions in the oil industry today are as serious as in 1939 when the Commission made its report to the TNEC. The considered reply of the Chairman and his staff associates was that the industry's competitive situation had not been improved appreciably over the past 17 years. Most importantly, the Commission representatives declared their willingness to launch as soon as possible an investigation such as that outlined by their agency back in 1939. Thus, it is now incumbent upon Congress to proceed expeditiously in providing the Commission with the appropriate authority and funds to be required for the investigation.

Mr. President, this joint resolution is presented as a result of hearings which were held in the so-called gasoline price war problem, which related specifically to New Jersey, but also is to be found in other parts of the United States.

I sincerely believe this investigation will be productive of good results. The hearings themselves were beneficial. In fact, many points of law were clarified in the hearings, as were rules of the Federal Trade Commission.

I hope Congress will see fit to act promptly upon the joint resolution, and provide the necessary funds required for this inquiry.

Mr. President, I also ask unanimous consent to have a statement which was prepared by the Senator from Alabama [Mr. SPARKMAN], chairman of the Senate Small Business Committee, supporting this resolution, printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SPARKMAN

I am happy to join my distinguished colleague, Senator HUBERT H. HUMPHREY, in sponsorship of his resolution authorizing the FTC to investigate competition conditions in the oil industry. While serving as chairman of the Senate Small Business Committee, I have become aware of many facts indicating that the Nation's gasoline retailers do not possess the true independence to which they are entitled as small-business men.

When the Congress adopts this resolution, it will have taken an important step toward eliminating from the oil industry those practices which prevent service-station dealers from achieving their rightful competitive position in the national economy. The hope that the proposed Commission investigation will raise 250,000 service-station operators to the rank of truly independent small-business men is more than sufficient justification for favoring the undertaking.

AMENDMENT OF CONSTITUTION RELATING TO ELECTION OF PRESIDENT AND VICE PRESIDENT—AMENDMENTS

Mr. LANGER submitted amendments, intended to be proposed by him, to the joint resolution (S. J. Res. 31) proposing an amendment to the Constitution of the United States providing for the election of President and Vice President, which were ordered to lie on the table and to be printed.

Mr. CASE of New Jersey submitted amendments, intended to be proposed by him, to the amendment intended to be proposed by Mr. DANIEL (for himself and other Senators), to Senate Joint Resolution 31, supra, which were ordered to lie on the table and to be printed.

Mr. HUMPHREY submitted an amendment, intended to be proposed by him, to Senate Joint Resolution 31, supra, which was ordered to lie on the table and to be printed.

Mr. HUMPHREY (for himself, Mr. LEHMAN, Mr. MURRAY, and Mr. NEUBERGER) submitted an amendment, intended to be proposed by them, jointly, to Senate Joint Resolution 31, supra, which was ordered to lie on the table and to be printed.

RELIEF OF FARMERS FROM EXCISE TAX ON CERTAIN FUELS

The ACTING PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BYRD. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Acting President pro tempore appointed Mr. BYRD, Mr. GEORGE, Mr. KERR, Mr. MARTIN of Pennsylvania, and Mr. CARLSON conferees on the part of the Senate.

AMENDMENT OF MERCHANT MARINE ACT OF 1936

The ACTING PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 2286) to amend the Merchant Marine Act of 1936 so as to provide for the utilization of privately owned shipping services in connection with the transportation of privately owned motor vehicles of certain personnel of the Department of Defense, which were, to strike out all after the enacting clause and insert:

That section 901 of the Merchant Marine Act of 1936, as amended, is amended by adding at the end thereof a new subsection as follows:

"(c) That notwithstanding any other provision of law, privately owned American shipping services may be utilized for the transportation of motor vehicles owned by Government personnel whenever transportation of such vehicles at Government expense is otherwise authorized by law."

And to amend the title so as to read: "An act to amend the Merchant Marine Act of 1936 so as to provide for the utilization of privately owned shipping services in connection with the transportation of privately owned vehicles."

Mr. MAGNUSON. Mr. President, I move that the Senate disagree with the amendments of the House, request a conference thereon with the House, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Acting President pro tempore appointed Mr. MAGNUSON, Mr. PASTORE, Mr. DANIEL, Mr. BUTLER, and Mr. DUFF conferees on the part of the Senate.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. KENNEDY:

Editorial entitled "The Fruits of Expediency," dealing with our foreign policy in the Near East, published in the Boston Daily Globe of February 21, 1956.

By Mr. BENNETT:

Editorial from Salt Lake City (Utah) Deseret News and Salt Lake Telegram of March 16, 1956, entitled "To Save Our Forest Investment."

Editorial entitled "Put the Post Office in the Black," from the Salt Lake City Deseret News and Salt Lake Telegram of March 16, 1956, dealing with proposed increases in postal rates.

By Mr. NEUBERGER:

Article entitled "Giant Critters From the Arctic Waters," describing the harvesting and catching of king crabs in the waters off Alaska, published in the Oregonian Sunday magazine of March 18, 1956.

By Mr. MARTIN of Pennsylvania:

Article from the Philadelphia Inquirer of March 18, 1956, dealing with planting of crops in the Delaware Valley.

By Mr. KEFAUVER:

Address entitled "Cooperation and the American Way of Life," delivered by Clyde T. Ellis, general manager of the National Rural Electric Cooperative Association, at the 14th annual meeting of the association in January 1956.

Editorial entitled "Makarios in Exile," published in the Chicago Pnyx of March 17, 1956.

By Mr. POTTER:

Editorial entitled "Good Soldier in True Character," published in the Flint (Mich.) Journal of March 1, 1956, paying tribute to President Eisenhower.

Letter nominating Edward L. Baker, postmaster of the Detroit, Mich., postal district, as "Outstanding Federal Administrator of the Year."

Correspondence with the Indiana State police paying tribute to the thoughtfulness and courtesy of truckdrivers.

NOTICE OF CONSIDERATION OF NOMINATION OF SHELDON T. MILLS, OF OREGON, TO BE AMBASSADOR TO AFGHANISTAN

Mr. GEORGE. Mr. President, on behalf of the Committee on Foreign Relations, I desire to announce that the Senate received today the nomination of Sheldon T. Mills, of Oregon, a Foreign Service officer of the class of career minister, to be Ambassador of the United States to Afghanistan, vice Angus Ward, resigned. This nomination will be considered by the Committee on Foreign Relations at the expiration of 6 days.

THE PRESIDENT'S MUTUAL SECURITY PROGRAM

Mr. SMITH of New Jersey. Mr. President, in the New York Times of this morning, Tuesday, March 20, there is an important editorial entitled "The President's Message," which comments on President Eisenhower's mutual security program presented in his message of yesterday.

One of the issues raised by the President's message is the question of increased flexibility and continuity. The editorial comments on this point as follows:

There is also opposition both to the increased flexibility and to the requested continuity. But as the President points out, flexibility is needed to meet unexpected shifts in a rapidly changing world, continuity is essential to permit long-term planning for economic developments for which both local and world public and private capital must be mobilized.

In connection with the mutual security program, which will soon be before the Senate, I feel that this editorial comment is important, and I ask unanimous consent that the entire editorial be inserted in the body of the RECORD at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE PRESIDENT'S MESSAGE

Undeceived by the new Kremlin strategy, which repudiates Stalin in order to pursue Stalin's policy of Communist expansion the more effectively, President Eisenhower sent a message to Congress yesterday proposing a mutual security program designed to meet the new challenge. This program calls for an appropriation of \$4,859,975,000 for military and economic assistance to free nations during the next fiscal year. There is a new emphasis both on flexibility and on continuity, to provide assurance that both we and the recipients will achieve the most for the money spent.

Our mutual security program has helped to save most of the free world, to the great benefit of our own peace and security, not to mention our prosperity, and as the President says, we must not falter now. On the contrary, we must expand our aid and above all improve our methods, to meet the more subtle and therefore more dangerous Kremlin policy.

Despite this obvious fact, the new program seems to be running into considerable congressional opposition. There is opposition to the total amount, which, discounting previously authorized but unspent sums, is about \$2 billion above the appropriations for the current fiscal year. But, as the President explains, most of this additional money is needed to fill the pipelines now running empty, and the actual increase in expenditures will be less than \$500 million. There is also opposition both to the increased flexibility and to the requested continuity. But as the President points out, flexibility is needed to meet unexpected shifts in a rapidly changing world, continuity is essential to permit long-term planning for economic developments for which both local and world public and private capital must be mobilized.

The congressional opponents of this program seem to believe that the Soviet threat is abating, and that therefore the time has come to cut down on what is misnamed "foreign aid." Any such thesis, however, is vigorously rejected by the President. On the contrary, he warns that Soviet military might continues to cast an ominous shadow and that even if the Soviets have put aside for the moment aggression by force, they continue to pursue their fundamental objective, which is to disrupt and in the end to dominate the free nations. It would therefore be folly to relax. For that reason he still allocates the larger part of the total asked, or \$3 billion, for military assistance to deter aggression, with more than half going to the Middle East and Asia, where the threat of aggression is most acute. The rest of the requested appropriation is assigned to economic assistance, to meet the danger of Soviet economic penetration.

Only a small part of the total here would go to Europe, which, except for Greece and Turkey, is enjoying unprecedented prosperity. Most of it would go to Asia, the Middle East, and Africa, now being bombarded by the Soviets with deceptive trade offers that can lead only to suicidal entanglements for the nations permitting themselves to be trapped.

As Secretary Dulles has told the Asian nations on his present tour, our aid is not for our own aggrandizement and is not tied to military commitments, as the Soviets contend. It has only one purpose, defined again by the President. That purpose is to achieve

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued March 28, 1956
For actions of March 27, 1956
84th-2nd, No. 54

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HIGHLIGHTS: Conferees reached agreement on several provisions of farm bill. Senate agreed to conference report on bill to relieve farmers of excise tax on gasoline. House received conference report on bill to relieve farmers of excise tax on gasoline. House received conference report on Colorado River storage project bill. Rep. Johnson, Wis., alleged that this administration did not inherit dairy products surplus. Rep. Cooley and others suggested that conference report on farm bill would be ready after Easter recess. House received conference report on Treasury-Post Office appropriation bill for 1957. Rep. Harvey urged favorable consideration of measure for research in industrial use of agricultural products.

HOUSE

1. FARM PROGRAM. The "Daily Digest" states: "Conferees continued, in executive session, to resolve the differences between the Senate and House-passed versions of H. R. 12, Agricultural Act of 1956. Following today's session, it was announced that the conferees had agreed to (1) adopt 90 percent of parity for 1 year for basic crops, (2) adopt the dual-parity formula as passed by the Senate and require the Secretary of Agriculture to conduct a study of parity formulas, with submission of his recommendations thereon to the Congress not later than January 30, 1957, and (3) with regard to the proposed soil-bank program, strike from the bill limitations of \$100,000 as total price support to be received by any one person, \$25,000 as total amount to be received by any one person on acreage programs, and \$7,500 as total amount to be received by any one person on conservation reserves.

"In an afternoon session, the conferees agreed to strike out the provision in the bill passed by the Senate providing for change in the import quotas for extra-long staple cotton, and adopted revised language directing the sale for export at competitive world prices CCC stocks of such cotton," p. D297

Rep. Hoffman speculated on the possibility of consideration of H. R. 12, the farm bill, on Thurs. or Fri., Mar. 29 or 30. p. 5080

Rep. Cooley, Majority Leader, McCormack, and others expressed the opinion that because of the complicated nature of the farm bill, the conference report would not be ready until after the Easter recess. p. 5086

2. TAXATION. Received the conference report on H. R. 8780, to provide for the relief of farmers from the Federal excise tax on gasoline used on the farm (H. Rept. 1957). pp. 5075, 5098
3. RECLAMATION. Received the conference report on S. 500, to authorize the construction, operation, and maintenance of the Colorado River storage project (H. Rept. 1950) (pp. 5076, 5098). Unanimous consent was requested for the consideration of the conference report, but Rep. Hiestand objected (p. 5085).
4. APPROPRIATIONS. Received the conference report on H. R. 9064, the Treasury-Post Office appropriation bill for 1957 (H. Rept. 1956). pp. 5085, 5098
5. DAIRY PRODUCTS. Rep. Johnson, Wis., alleged that the so-called dairy products surplus was not inherited by this Administration, but rather that the surplus had increased under this Administration. p. 5079
6. ACCOUNTING. The Executive and Legislative Reorganization Subcommittee of the Government Operations Committee ordered reported with amendments to the full committee H. R. 9593, to simplify accounting and facilitate the payment of obligations. p. D296
7. FRUITS. The Interstate and Foreign Commerce Committee ordered reported with amendment H. R. 7732, to amend the Food, Drug, and Cosmetic Act regarding artificial coloring of oranges. p. D296
8. RESEARCH. Rep. Harvey and others urged favorable consideration of bills providing for research in the industrial uses of agricultural products. Rep. Harvey spoke specifically in favor of his bill, H. R. 10125. p. 5091
9. FORESTRY. The Interstate and Foreign Commerce Committee submitted an interim report, "Newsprint Study---Newsprint Outlook for 1956" (H. Rept. 1953). p. 5098
10. STOCKPILING. Both Houses received from CDM the report on the stockpiling program for July 1 to December 31, 1955. pp. 5014, 5098
11. ACREAGE ALLOTMENTS. Received from the S. C. Legislature memorials requesting legislation for cotton acreage allotments for the small farmers in S. C. p. 5099

SENATE

12. TAXES. Agreed to the conference report on H. R. 8780, to relieve farmers from excise taxes on gasoline and special fuels used on the farm for farming purposes. The report resolved a substantive difference between the two Houses on whether a custom operator who used gasoline for cultivating the soil and raising crops was entitled to the gasoline refund. The report provides that such refunds will be payable only to the farmer on whose farm the gasoline is used and not to the custom operator. p. 5071
13. APPROPRIATIONS. The Appropriations Committee concluded hearings on H. R. 10004, the second supplemental appropriation bill for 1956. p. D294

RELIEF FROM TAXES ON GASOLINE AND SPECIAL FUELS USED ON FARMS

MARCH 27, 1956.—Ordered to be printed

Mr. COOPER, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 8780]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2 and 3 and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

“(A) by the owner, tenant, or operator of a farm, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife, on a farm of which he is the owner, tenant, or operator; except that if such use is by any person other than the owner, tenant, or operator of such farm, then (i) for purposes of this subparagraph, in applying subsection (a) to this subparagraph, and for purposes of section 6416 (b) (2) (C) (ii) (but not for purposes of section 4041), the owner, tenant, or operator of the farm on which gasoline or a liquid taxable under section 4041 is used shall be treated as the user and ultimate purchaser of such gasoline or liquid, and (ii) for purposes of applying section

6416 (b) (2) (C) (ii), any tax paid under section 4041 in respect of a liquid used on a farm for farming purposes (within the meaning of this subparagraph) shall be treated as having been paid by the owner, tenant, or operator of the farm on which such liquid is used; And the Senate agree to the same.

JERE COOPER,
W. D. MILLS,
NOBLE J. GREGORY,
DANIEL A. REED,
By T. A. JENKINS,
THOMAS A. JENKINS,

Managers on the Part of the House.

HARRY F. BYRD,
WALTER F. GEORGE,
By HARRY F. BYRD,
ROBT. KERR,
EDWARD MARTIN,
FRANK CARLSON,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: Subparagraphs (A), (B), (C), and (D) of section 6420 (e) (3) of the Internal Revenue Code of 1954 as proposed to be amended by the bill as it passed both the House and Senate, prescribe the uses of gasoline which for purposes of the bill are to be treated as use for farming purposes. Senate amendment No. 1 struck out subparagraph (A) and inserted a substitute. No change was made in subparagraph (B), (C), or (D).

Under subparagraph (A) of the House bill, gasoline was to be treated as used for farming purposes if used by "any person" in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

Under Senate amendment No. 1, gasoline used for any of the purposes set forth in the preceding paragraph was to be treated as used for farming purposes only if used by the owner, tenant, or operator of a farm (1) on a farm of which he is the owner, tenant, or operator, or (2) on any other farm (but only if the gasoline used by him on other farms is less than one-half of all gasoline used by him, during the period with respect to which claim is filed, on all farms for the purposes set forth in the preceding paragraph). Thus, under the Senate amendment gasoline used by a custom operator or other independent contractor in performing a service for one of the purposes specified in section 6420 (c) (3) (A) was not to be included in any refund claim.

Under the conference agreement, as under the House bill and the Senate amendment, if gasoline is used on a farm by the owner, tenant, or operator thereof for the purposes set forth above, he will be entitled to the payment provided for under the new section 6420 if he is the ultimate purchaser of such gasoline. In addition, under the conference agreement, if gasoline is used on a farm by any other person for these purposes, the owner, tenant, or operator of such farm is treated as the user and ultimate purchaser of the gasoline, and is therefore entitled to the payment. For example, where a custom operator uses the gasoline, the owner, tenant, or operator of the farm on which the gasoline is used will be entitled to the payment. In general, in the case where a custom operator performs services described in the new section 6420 (c) (3) (A) on a farm, the payment under section 6420 (a) will be made to the person (the owner, tenant, or operator, as the case may be) for whom such services are performed.

Under the conference agreement, comparable rules are provided with respect to diesel fuel and special motor fuels. For example, if a custom operator performs services described in the new section 6420 (c) (3) (A) and uses a special fuel in a motor vehicle, the tax imposed by section 4041 (b) would apply but the owner, tenant, or operator of the farm on which the fuel is used will be entitled to a refund of the tax paid with respect to the fuel used on the farm. As in the case of gasoline, the refund will, in general, be made to the person (the owner, tenant, or operator, as the case may be) for whom the custom operator performed the services.

Amendments Nos. 2 and 3: These amendments are clerical. The House recedes.

JERE COOPER,
W. D. MILLS,
NOBLE J. GREGORY,
DANIEL REED,

By T. A. JENKINS,
THOMAS A. JENKINS,
Managers on the Part of the House.

○

REFUND OF GASOLINE TAXES FOR FARMERS

Mr. COOPER. Mr. Speaker, I ask unanimous consent that the conferees on the part of the House on the bill (H. R. 8780) to provide for the refund of the gasoline tax for farmers may have until midnight tonight to file a conference report on that bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT. NO. 1957)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2 and 3 and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(A) by the owner, tenant, or operator of a farm, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife, on a farm of which he is the owner, tenant, or operator; except that if such use is by any person other than the owner, tenant, or operator of such farm, then (i) for purposes of this subparagraph, in applying subsection (a) to this subparagraph, and for purposes of section 6416 (b) (2) (C) (ii) (but not for purposes of section 4041), the owner, tenant, or operator of the farm on which gasoline or a liquid taxable under section 4041 is used shall be treated as the user and ultimate purchaser of such gasoline or liquid, and (ii) for purposes of applying section 6416 (b) (2) (C) (ii), any tax paid under section 4041 in respect of a liquid used on a farm for farming purposes (within the meaning of this subparagraph) shall be treated as having been paid by the owner, tenant, or operator of the farm on which such liquid is used;" and the Senate agree to the same.

JERE COOPER,

W. D. MILLS,

NOBLE J. GREGORY,

DANIEL A. REED,

By T. A. JENKINS,

THOMAS A. JENKINS,

Managers on the Part of the House.

HARRY F. BYRD,

WALTER F. GEORGE,

By HARRY F. BYRD,

ROBT. KERR,

EDWARD MARTIN,

FRANK CARLSON,

Managers on the Part of the Senate.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes, submit the following statement

in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: Subparagraphs (A), (B), (C), and (D) of section 6420 (c) (3) of the Internal Revenue Code of 1954 as proposed to be amended by the bill as it passed both the House and Senate, prescribe the uses of gasoline which for purposes of the bill are to be treated as use for farming purposes. Senate amendment No. 1 struck out subparagraph (A) and inserted a substitute. No change was made in subparagraph (B), (C), or (D).

Under subparagraph (A) of the House bill, gasoline was to be treated as used for farming purposes if used by "any person" in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

Under Senate amendment No. 1, gasoline used for any of the purposes set forth in the preceding paragraph was to be treated as used for farming purposes only if used by the owner, tenant, or operator of a farm (1) on a farm of which he is the owner, tenant, or operator, or (2) on any other farm (but only if the gasoline used by him on other farms is less than one-half of all gasoline used by him, during the period with respect to which claim is filed, on all farms for the purposes set forth in the preceding paragraph). Thus, under the Senate amendment gasoline used by a custom operator or other independent contractor in performing a service for one of the purposes specified in section 6420 (c) (3) (A) was not to be included in any refund claim.

Under the conference agreement, as under the House bill and the Senate amendment, if gasoline is used on a farm by the owner, tenant, or operator thereof for the purposes set forth above, he will be entitled to the payment provided for under the new section 6420 if he is the ultimate purchaser of such gasoline. In addition, under the conference agreement, if gasoline is used on a farm by any other person for these purposes, the owner, tenant, or operator of such farm is treated as the user and ultimate purchaser of the gasoline, and is therefore entitled to the payment. For example, where a custom operator uses the gasoline, the owner, tenant, or operator of the farm on which the gasoline is used will be entitled to the payment. In general, in the case where a custom operator performs services described in the new section 6420 (c) (3) (A) on a farm, the payment under section 6420 (a) will be made to the person (the owner, tenant, or operator, as the case may be) for whom such services are performed.

Under the conference agreement, comparable rules are provided with respect to diesel fuel and special motor fuels. For example, if a custom operator performs services described in the new section 6420 (c) (3) (A) and uses a special fuel in a motor vehicle, the tax imposed by section 4041 (b) would apply but the owner, tenant, or operator of the farm on which the fuel is used will be entitled to a refund of the tax paid with respect to the fuel used on the farm. As in the case of gasoline, the refund will, in general, be made to the person (the owner, tenant, or operator, as the case may be) for whom the custom operator performed the services.

Amendments Nos. 2 and 3: These amendments are clerical. The House recedes.

HOWARD W. SMITH,

OREN HARRIS,

JOS. P. O'HARA,

Managers on the Part of the House.

ILLUMINATING MARINE CORPS WAR MEMORIAL AT NIGHT

(Mr. SIEMINSKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIEMINSKI. Mr. Speaker, I am introducing today a bill to provide that the Marine Corps War Memorial at the northern end of Arlington National Cemetery shall be illuminated at night and that the flag shall be flown at such memorial 24 hours a day.

The suggestion arises from a young friend, some 15 years of age, who was on a visit to the Capital last week. He arrived at night. His desire was to see the Marine Memorial. He saw Lincoln's Memorial which was illuminated. He saw the Capitol. It, too, was illuminated. He saw many illuminated things. The Marine Corps Memorial was not visible. It was blacked out. I suggest that the Marine Corps Memorial be made visible round the clock.

Before listing below the wording of the bill as it is introduced, I should like to thank Jimmy Sieminski, son of my cousin, Ramon, for his observation. I am sure that Jimmy's classmates at the Salisbury School, in Connecticut, will be pleased that one of their number made the suggestion which I pass on the House. I believe the bill has merit and that others do too:

H. R. 10239

A bill to provide that the Marine Corps War Memorial at the northern end of the Arlington National Cemetery shall be illuminated at night and that the flag shall be flown at such memorial for 24 hours a day

Be it enacted, etc., That (a) the Secretary of the Interior is authorized and directed to provide for the illumination of the Marine Corps War Memorial at the northern end of Arlington National Cemetery during the hours of darkness.

(b) Notwithstanding any rule or custom pertaining to the display of the flag of the United States of America as set forth in the joint resolution entitled "Joint resolution to codify and emphasize existing rules and customs pertaining to the display and use of the flag of the United States of America," approved June 22, 1942, as amended (36 U. S. C., sec. 170 et seq.), the Secretary of the Interior is hereby authorized and directed to fly the flag of the United States for 24 hours of each day on the flagpole constituting a part of the Marine Corps War Memorial at the northern end of Arlington National Cemetery.

SUBCOMMITTEE OF THE COMMITTEE ON EDUCATION AND LABOR

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that the subcommittee of the Committee on Education and Labor be permitted to sit and hold hearings this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

SUBCOMMITTEE OF THE COMMITTEE ON EDUCATION AND LABOR

(Mr. PERKINS asked and was granted permission to address the House for 1 minute.)

Mr. PERKINS. Mr. Speaker, the Subcommittee on Education and Labor is now conducting hearings to extend Public Laws 815 and 874, 81st Congress, pertaining to school legislation in areas affected by Federal activities. Hearings are being held in room 429, Old House Office Building. Any Members who desire to appear before the committee will be heard either this afternoon or tomorrow.

COLORADO RIVER STORAGE PROJECT

Mr. ENGLE submitted the following conference report and statement on the bill (S. 500) to authorize the Secretary of the Interior to construct, operate, and maintain the Colorado River storage project and participating projects, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 1950)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 500) entitled "An Act to authorize the Secretary of the Interior to construct, operate, and maintain the Colorado River storage project and participating projects, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with an amendment, as follows: In lieu of the matter inserted by the House amendment insert the following: "That, in order to initiate the comprehensive development of the water resources of the Upper Colorado River Basin, for the purposes, among others, of regulating the flow of the Colorado River, storing water for beneficial consumptive use, making it possible for the States of the Upper Basin to utilize, consistently with the provisions of the Colorado River Compact, the apportionments made to and among them in the Colorado River Compact and the Upper Colorado River Basin Compact, respectively, providing for the reclamation of arid and semiarid land, for the control of floods, and for the generation of hydroelectric power, as an incident of the foregoing purposes, the Secretary of the Interior is hereby authorized (1) to construct, operate, and maintain the following initial units of the Colorado River storage project, consisting of dams, reservoirs, powerplants, transmission facilities and appurtenant works: Curecanti, Flaming Gorge, Navajo (dam and reservoir only), and Glen Canyon: *Provided*, That the Curecanti Dam shall be constructed to a height which will impound not less than nine hundred and forty thousand acre-feet of water or will create a reservoir of such greater capacity as can be obtained by a high waterline located at seven thousand five hundred and twenty feet above mean sea level, and that construction thereof shall not be undertaken until the Secretary has, on the basis of further engineering and economic investigations, reexamined the economic justification of such unit and, accompanied by appropriate documentation in the form of a supplemental report, has certified to the Congress and to the President that, in his judgment, the benefits of such unit will exceed its costs; and (2) to construct, operate, and maintain the following additional reclamation projects (including power-

generating and transmission facilities related thereto), hereinafter referred to as participating projects: Central Utah (initial phase); Emery County, Florida, Hammond, La Barge, Lyman, Paonia (including the Minnesota unit, a dam and reservoir on Muddy Creek just above its confluence with the North Fork of the Gunnison River, and other necessary works), Pine River Extension, Seedskaadee, Silt and Smith Fork: *Provided further*, That as part of the Glen Canyon Unit the Secretary of the Interior shall take adequate protective measures to preclude impairment of the Rainbow Bridge National Monument.

"SEC. 2. In carrying out further investigations of projects under the Federal reclamation laws in the Upper Colorado River Basin, the Secretary shall give priority to completion of planning reports on the Gooseberry, San Juan-Chama, Navajo, Parshall, Troublesome, Rabbit Ear, Eagle Divide, San Miguel, West Divide, Bluestone, Battlement Mesa, Tomichi Creek, East River, Ohio Creek, Fruitland Mesa, Bostwick Park, Grand Mesa, Dallas Creek, Savery-Pot Hook, Dolores, Fruit Growers Extension, Animas-La Plata, Yellow Jacket, and Sublette participating projects. Said reports shall be completed as expeditiously as funds are made available therefor and shall be submitted promptly to the affected States, which in the case of the San Juan-Chama project shall include the State of Texas, and thereafter to the President and the Congress: *Provided*, That with reference to the plans and specifications for the San Juan-Chama project, the storage for control and regulation of water imported from the San Juan River shall (1) be limited to a single offstream dam and reservoir on a tributary of the Chama River, (2) be used solely for control and regulation and no power facilities shall be established, installed or operated thereat, and (3) be operated at all times by the Bureau of Reclamation of the Department of the Interior in strict compliance with the Rio Grande Compact as administered by the Rio Grande Compact Commission. The preparation of detailed designs and specifications for the works proposed to be constructed in connection with projects shall be carried as far forward as the investigations thereof indicate is reasonable in the circumstances.

"The Secretary, concurrently with the investigations directed by the preceding paragraph, shall also give priority to completion of a planning report on the Juniper project.

"SEC. 3. It is not the intention of Congress, in authorizing only those projects designated in section 1 of this Act, and in authorizing priority in planning only those additional projects designated in section 2 of this Act, to limit, restrict, or otherwise interfere with such comprehensive development as will provide for the consumptive use by States of the Upper Colorado River Basin of waters, the use of which is apportioned to the Upper Colorado River Basin by the Colorado River Compact and to each State thereof by the Upper Colorado River Basin Compact, nor to preclude consideration and authorization by the Congress of additional projects under the allocations in the compacts as additional needs are indicated. It is the intention of Congress that no dam or reservoir constructed under the authorization of this Act shall be within any national park or monument.

"SEC. 4. Except as otherwise provided in this Act, in constructing, operating, and maintaining the units of the Colorado River storage project and the participating projects listed in section 1 of this Act, the Secretary shall be governed by the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto): *Provided*, That (a) irrigation repayment contracts shall be entered into which, except as otherwise provided for the Paonia and Eden projects, provide for repayment of the obligation assumed thereunder

with respect to any project contract unit over a period of not more than fifty years exclusive of any development period authorized by law; (b) prior to construction of irrigation distribution facilities, repayment contracts shall be made with an 'organization' as defined in paragraph 2 (g) of the Reclamation Project Act of 1939 (53 Stat. 1187) which has the capacity to levy assessments upon all taxable real property located within its boundaries to assist in making repayments, except where a substantial proportion of the lands to be served are owned by the United States; (c) contracts relating to municipal water supply may be made without regard to the limitations of the last sentence of section 9 (c) of the Reclamation Project Act of 1939; and (d), as to Indian lands within, under or served by any participating project, payment of construction costs within the capability of the land to repay shall be subject to the Act of July 1, 1932 (47 Stat. 564): *Provided further*, That for a period of ten years from the date of enactment of this Act, no water from any participating project authorized by this Act shall be delivered to any water user for the production on newly irrigated lands of any basic agricultural commodity, as defined in the Agricultural Act of 1949, or any amendment thereof, if the total supply of such commodity for the marketing year in which the bulk of the crop would normally be marketed is in excess of the normal supply as defined in section 301 (b) (10) of the Agricultural Adjustment Act of 1938, as amended, unless the Secretary of Agriculture calls for an increase in production of such commodity in the interest of national security. All units and participating projects shall be subject to the apportionments of the use of water between the Upper and Lower Basins of the Colorado River and among the States of the Upper Basin fixed in the Colorado River Compact and the Upper Colorado River Basin Compact, respectively, and to the terms of the treaty with the United Mexican States (Treaty Series 994).

"SEC. 5. (a) There is hereby authorized a separate fund in the Treasury of the United States to be known as the Upper Colorado River Basin Fund (hereinafter referred to as the Basin Fund), which shall remain available until expended, as hereafter provided, for carrying out provisions of this Act other than section 8.

"(b) All appropriations made for the purpose of carrying out the provisions of this Act, other than section 8, shall be credited to the Basin Fund as advances from the general fund of the Treasury.

"(c) All revenues collected in connection with the operation of the Colorado River storage project and participating projects shall be credited to the Basin Fund, and shall be available, without further appropriation, for (1) defraying the costs of operation, maintenance, and replacements of, and emergency expenditures for, all facilities of the Colorado River storage project and participating projects, within such separate limitations as may be included in annual appropriation acts: *Provided*, That with respect to each participating project, such costs shall be paid from revenues received from each such project; (2) payment as required by subsection (d) of this section; and (3) payment as required by subsection (e) of this section. Revenues credited to the Basin Fund shall not be available for appropriation for construction of the units and participating projects authorized by or pursuant to this Act.

"(d) Revenues in the Basin Fund in excess of operating needs shall be paid annually to the general fund of the Treasury to return—

"(1) the costs of each unit, participating project, or any separable feature thereof which are allocated to power pursuant to section 6 of this Act, within a period not exceeding fifty years from the date of comple-

as President, and in distinct ballots the person voted for as Vice President; and they shall make distinct lists of all persons voted for as President and of all persons voted for as Vice President, and of the number of votes for each, which lists they shall sign and certify, and transmit sealed to the seat of Government of the United States, directed to the President of the Senate.

"SEC. 4. On the 6th day of January following the election, unless the Congress by law appoints a different day not earlier than the 4th day of January and not later than the 10th day of January, the President of the Senate shall, in the presence of the Senate and House of Representatives, open all the certificates and the vote shall then be counted. The person having the greatest number of votes for President shall be the President, and the person having the greatest number of votes for Vice President shall be the Vice President, if such number be at least 45 percent of the whole number of electoral votes. If no person has at least 45 percent of the whole number of electoral votes for President or Vice President, then from the persons having the three highest numbers of electoral votes for such office the Senate and the House of Representatives sitting in joint session shall choose such officer immediately, by ballot. A quorum for this purpose shall consist of three-fourths of the whole number of the Senators and Representatives, and the person receiving the greatest number of votes shall be chosen.

"SEC. 5. The Congress may by law provide for the case of the death of any of the persons from whom the Senate and the House of Representatives may choose a President or a Vice President whenever the right of choice shall have devolved upon them, and for the case of the death of any person who, except for his death, would have been entitled to receive a majority of the electoral votes for President or for Vice President.

"SEC. 6. The first, second, and third paragraphs of section 1, article II, of the Constitution, the twelfth article of amendment to the Constitution, and section 4 of the twentieth article of amendment to the Constitution, are hereby repealed.

"SEC. 7. This article shall take effect on the 10th day of February following its ratification, but shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the States within 7 years from the date of its submission to the States by the Congress."

The PRESIDING OFFICER (Mr. BIBLE in the chair). The junior Senator from Texas.

Mr. DANIEL. Mr. President, it is apparent, from the vote just taken, that although two-thirds of the Members of Senate might favor electoral reform, we do not have before the Senate a draft which can be agreed upon by two-thirds of the Senators. In order that the work which has been done on this matter last year and during this year will not go for naught, but that we may give it further consideration, and possibly come out with a draft which can meet the approval of two-thirds of the Members of the Senate, I move, on behalf of myself and the Senator from Massachusetts [Mr. KENNEDY], to recommit the joint resolution to the Committee on the Judiciary.

The PRESIDING OFFICER. The question is on agreeing to the motion to recommit the joint resolution to the Committee on the Judiciary.

On that motion 30 minutes are allowed to each side.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. Are the Senators who are in control of the time willing to yield back their time?

Mr. DANIEL. Mr. President, I yield back my time.

Mr. JOHNSON of Texas. I yield back my time.

The PRESIDING OFFICER. All time is yielded back.

The question is on agreeing to the motion of the junior Senator from Texas to recommit the joint resolution to the Committee on the Judiciary.

The motion to recommit was agreed to.

EXEMPTION OF CERTAIN ADDITIONAL FOREIGN TRAVEL FROM TAX ON TRANSPORTATION OF PERSONS

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1629, H. R. 5265.

The PRESIDING OFFICER (Mr. FREAR in the chair). The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 5265) to exempt certain additional foreign travel from the tax on the transportation of persons.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment.

TAXES ON GASOLINE AND SPECIAL FUELS USED ON FARMS—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, before Senators leave, I should like to announce, for their information, that the Senate is going to take up the conference report on H. R. 8780, a bill to relieve farmers from excise taxes in the case of gasoline and special fuels used on a farm for farming purposes. The distinguished chairman of the Committee on Finance is prepared to present a conference report at this point.

Mr. BYRD. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill, H. R. 8780, to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used

on the farm for farming purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2 and 3, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(A) by the owner, tenant, or operator of a farm, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife, on a farm of which he is the owner, tenant, or operator; except that if such use is by any person other than the owner, tenant, or operator of such farm, then (i) for purposes of this subparagraph, in applying subsection (a) to this subparagraph, and for purposes of section 6416 (b) (2) (C) (ii) (buy not for purposes of section 4041), the owner, tenant, or operator of the farm on which gasoline or a liquid taxable under section 4041 is used shall be treated as the user and ultimate purchaser of such gasoline or liquid, and (ii) for purposes of applying section 6416 (b) (2) (C) (ii), any tax paid under section 4041 in respect of a liquid used on a farm for farming purposes (within the meaning of this subparagraph) shall be treated as having been paid by the owner, tenant, or operator of the farm on which such liquid is used."; and the Senate agree to the same.

HARRY F. BYRD,
WALTER F. GEORGE,
By HARRY F. BYRD,
ROBERT S. KERR,
EDWARD MARTIN,
FRANK CARLSON,

Managers on the Part of the Senate.

JERE COOPER,
W. D. MILLS,
NOBLE J. GREGORY,
DANIEL A. REED,
By T. A. JENKINS,
THOMAS A. JENKINS,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the conference report.

Mr. BYRD. Mr. President, there is only one substantive difference between the House and Senate versions of H. R. 8780.

Under the House bill, a custom operator who used gasoline for cultivating the soil or raising or harvesting crops was entitled to the gasoline refund himself. Under the Senate amendment, this custom operator was not allowed a refund, although provision was made for refunds where farmers exchanged work.

The conferees have resolved this difference by providing that a refund of the gasoline tax is to be available in all cases where gasoline is used for cultivating the soil or raising or harvesting crops. However, the refund will be payable only to the farmer on whose farm the gasoline is used and not to the custom operator.

There also were two clerical amendments made by the Senate, to which the House conferees agreed.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

REGULATION OF USE BY MOTOR CARRIERS OF CERTAIN MOTOR VEHICLES

Mr. JOHNSON of Texas. Mr. President, I have conferred with the distinguished Senator from Florida [Mr. SMATHERS], and he prefers that the Senate proceed to the consideration of Calendar No. 1287, S. 898, the truck trip-leasing bill. Therefore, I move that the Senate proceed to the consideration of that bill.

The PRESIDING OFFICER. The bill will be stated by title, for the information of the Senate.

The CHIEF CLERK. A bill (S. 898) to amend the Interstate Commerce Act, with respect to the authority of the Interstate Commerce Commission to regulate the use by motor carriers (under leases, contracts, or other arrangements) of motor vehicles not owned by them, in the furnishing of transportation of property.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interstate and Foreign Commerce with amendments.

ORDER FOR RECESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I should like to announce there will be no further business transacted tonight. I shall yield for routine requests.

I yield to the distinguished Senator from Nevada, so that he may present a privileged matter.

DISTRICT OF COLUMBIA REVENUE ACT OF 1956—CONFERENCE REPORT

Mr. BIBLE. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9770) to provide revenue for the District of Columbia, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. FREAR in the chair). The report will be read for the information of the Senate. The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9770) to provide revenue for the District of Columbia, and for other purposes, having

met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2 and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: \$12,000,000; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: \$16,000,000; and the Senate agree to the same.

ALAN BIBLE,
J. ALLEN FREAR, Jr.,
J. GLENN BEALL,

Managers on the Part of the Senate.

HOWARD W. SMITH,
OREN J. HARRIS,
JOS. P. O'HARA,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. JOHNSON of Texas. Mr. President, I ask that the Senator from Nevada be permitted to make a statement.

Mr. BIBLE. Mr. President, I should like to make a brief explanation of the report.

In connection with the District of Columbia Revenue Act, there were two elements of disagreement between the conferees of the two Houses. The House conferees receded from the first element of disagreement—concerning the 2 percent tax on linen rental services.

The second element of disagreement was the Senate amendment calling for a total increase of \$4 million in the Federal payment to the District of Columbia, whereas the item as approved by the House called for an increase of \$2 million. In the report we recommend an increase of \$3 million in the Federal payment.

Mr. President, I recommend that the report be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

SAFETY AWARD TO THE COLUMBIA-GENEVA STEEL DIVISION IN UTAH

Mr. WATKINS. Mr. President, recently the National Safety Council for the fourth consecutive year declared the safest major steel plant in America to be that of the Columbia-Geneva Steel Division, in my home State of Utah.

I think we can better visualize this record from the statement that an average employee at the Geneva works has an expectancy of more than 1,000 years, without exposure to a lost-time record. Or to put it another way, there the spiritual admonition regarding being our "brother's keeper" has been put to

still another practical test, and that counsel has proved again its marvelous worth.

This fine safety record, this heart-warming cooperation of the individual laborer and his management, is worthy of brief study and long thought by us all. While I certainly wish to commend Superintendent L. F. Black, of Geneva, and his able staff, I also want to thank cordially every man at Geneva who has made this policy so effective.

Making and handling steel is a difficult and dangerous process. But the Geneva Division again teaches that it can be done safely and with efficiency, if all work together and think of the other fellow.

I want all Members of the Senate to have an opportunity to read this heart-warming industrial story; therefore, I ask unanimous consent that there be printed in the CONGRESSIONAL RECORD an article which was published in the Provo Herald of March 13.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Provo (Utah) Herald of March 13, 1956]

SAFEST MAJOR STEEL PLANT IN AMERICA—GENEVA PLANT WINS TOP NATIONAL SAFETY AWARD FOR FOURTH STRAIGHT YEAR

The National Safety Council Award of Honor Flag was raised over the safest major steel plant in America today for the fourth consecutive year. The honor flag carried four green stars for the top safety awards which Utah's biggest industrial plant—the Geneva Works of United States Steel's Columbia-Geneva Steel Division—has won for outstanding work in safety performance.

The newest star to be added to the big green and white flag represents Geneva's record-breaking mark of 0.45 frequency of lost-time accidents per million man-hours worked during 1955. This means an average employee has an expectancy of more than 1,000 years without exposure to a lost-time accident. This mark not only topped all other United States Steel operations, but all other large steel mill safety performance in the United States of America.

PERSONAL VICTORY

The 4-year record represents a personal victory for Geneva's general superintendent, L. F. Black, who has made safety in and out of the big plant every employee's crusade.

Led by Mr. Black, every top official at Geneva makes safety his personal business. This led to a recordbreaking number of 7,237 safety meetings with 301,789 personal safety contacts during 1955.

While the safety program at Geneva has been built around the United States Steel Corp. overall single objective safety program, it has refined also the corporation's three "C's" of safety—comprehension, contact, and control—into the safety effort. The overall program at Geneva is called "Safety Through Objective Analysis."

COMPETITIVE SPIRIT

Under this program, a strong competitive spirit in safety performance can be seen throughout the plant, with every department displaying large bulletin boards recording records, kind and type of accidents, and other safety messages. Many departments have their own special safety programs, such as the "brother's keeper" idea, which is used by the central maintenance and utilities division, Geneva's largest employer. This idea revolves around two employees teaming up to look after each other to develop an awareness of any unsafe working practice. And it works well. This division operated over

3/28/76

Rep. Sullivan requested that the conferees on the farm bill consider the merit of her bill, H. R. 5105, to provide for a food-stamp plan for the disposal of surplus commodities, as a feature of the conference report. p. 5162

10. WHEAT. Rep. Metcalf criticized this Department for its actions regarding violations of wheat marketing quotas. p. 5163
11. TAXATION. Agreed to the conference report on H. R. 8780, to relieve farmers from the Federal excise tax on gasoline used on the farm. p. 5160 This bill is now ready for the President.
12. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 9064, the Treasury-Post Office appropriation bill for 1957. pp. 5161, 5140 This bill is now ready for the President.
13. RECLAMATION. Both Houses agreed to the conference report on S. 500, to provide for the construction, operation, and maintenance of the Colorado River storage project. pp. 5130, 5161 This bill is now ready for the President. The bill provides that no water or irrigation projects constructed by the project shall be used for the cultivation of basic agricultural commodities for a period of ten years following date of enactment. The bill authorizes the appropriation of \$760 million for construction of the project.
14. FARM LOANS. Rep. Hill stated that, contrary to the opinion of Rep. Cooley that no one would introduce the administration's farm bill, he (Rep. Hill) had introduced amendments to the Bankhead-Jones Farm Tenant Act and the other recommendations were included in other bills. p. 5166
15. RESEARCH. Rep. Beamer urged that the Agriculture Committee give early consideration to H. R. 10148, to provide for additional research in the industrial uses of agricultural commodities. p. 5166
16. FRUITS. Rep. Tollefson spoke against a proposed reduction in tariff on cherries imported in brine. p. 5166
17. TEXTILES. Rep. Canfield stated that certain importers and Japanese manufacturers of scarves were attempting to weaken the provisions of the Flammable Fabrics Act. p. 5174
18. ELECTRIFICATION. The Government Operations Committee issued a report on certain power activities in the Interior Department (changes in power line regulations) (H. Rept. 1975). p. 5186
19. WATER. Received from the Mass. Legislature memorials requesting legislation extending provisions of the Water Pollution Act; to the Public Works Committee. p. 5186
20. PERSONNEL. Rep. Ashley commended the decision of the Courts regarding the use of secret informers in certain security proceedings, but noted the inapplicability of the case to Federal employment. p. 5163
Rep. Price discussed the shortage of trained scientists and the advances made in the training of scientists by the U.S.S.R. p. 5175
21. INFORMATION. Rep. Lesinski suggested that the "hundreds of thousands" of excess government publications, now out-of-date and stored, be donated to various libraries and institutions. p. 5163

22. LEGISLATIVE PROGRAM. The Acting Majority Leader announced the program as follows: Apr. 7, Consent and Private Calendars; Apr. 10 and 11, military installation bill (H. R. 2893); Apr. 12 and 13, Federal Reserve bank purchase of U.S. obligations (H. R. 9285), and watershed bill (H. R. 8750). p. 5167

23. ADJOURNMENT. Agreed to adjourn from Mar. 22 to Apr. 9. p. 5167

ITEMS IN APPENDIX

24. ELECTRIFICATION. Rep. Chipperfield inserted the speech of L. C. Great, Spoken Electric Cooperative, Inc., opposing bills which have been introduced to implement recommendations of the Hoover Commission and stating that "further progress in rural electrification through REA loans...would be drastically curtailed." p. A2713

Rep. Green inserted an article describing the "impressive" record of repayment to the Federal Government of public funds in multiple-purpose projects in the Pacific Northwest as reported by Bonneville Power Admin. p. A2715

25. FARM PROGRAM. Rep. Arends inserted a newspaper article stating that the conferees on the farm bill can either send the President a bill he will have to veto or they can write a bill that will have a good chance of approval at the White House. p. A2715

Sen. Aiken inserted newspaper editorials, "Hodgepodge Farm Bill," "Rigid-Flexible Bill," "Trifling With Parity," and "Seen Nuth'n Yet," criticizing the farm bill as passed by the Senate. p. A2719

Rep. Hill inserted the statement which Secretary Benson submitted to the House Committee on Agriculture on the farm bill. p. A2730

Rep. Seely-Brown inserted a newspaper editorial, "Asking For A Veto," commenting on action taken by the conference committee on the farm bill. p. A2733

Rep. Schwengel inserted a newspaper editorial stating that "what will emerge from the Senate-House conference on the farm bill is an unknown quantity but it is certain the measure will not be designed so much as a sound relief act as one which can be used to catch votes." p. A2737

Rep. Schwengel inserted a newspaper editorial, "We Didn't Get Much," and stated that "it sums up the situation pretty well with respect to farm legislation..." p. A2738

Extension of remarks of Rep. Wickersham stating that "the present administration or any administration owes it to the present populace of our Nation and to posterity to protect the tiller of the soil, the backbone of our national economic life," and inserting statistics "which indicate the facts that the farm population is decreasing and that the size of the farm is greatly increasing..." p. A2757

26. WILDLIFE. Extension of remarks of Rep. O'Hara opposing a proposed bill which would transfer to the Army for an artillery range 10,000 acres of the Wichita Wildlife Refuge in Okla., and inserting a magazine article on this subject. p. A2725

27. SURPLUS COMMODITIES. Rep. Harrison, Nebr., stated that the "major assault" on the problem of surplus commodities began with the enactment of the Agricultural Trade Development and Assistance Act of 1954, "which has been described as the most significant agricultural legislation in the last 25 years" and inserted the Secretary's report on total export agreements. p. A2726

28. RECLAMATION. Extension of remarks of Rep. Engle pointing out that, in his opinion, the relatively small Federal expenditures in our reclamation program

House of Representatives

WEDNESDAY, MARCH 28, 1956

The House met at 12 o'clock noon.

Rev. Reginald Wall, of Decatur, Ga., offered the following prayer:

Our Father, it is with a deep sense of unworthiness that we approach Thy throne of grace. Especially during this Holy Week which reminds us of the sufferings of our Saviour do we realize what undeserving creatures and unprofitable servants we are. When we think of all the Christian church has done in her earnest desire to evangelize the world and then face the painful fact that in all of these 2,000 years she has been able to win but little more than one-tenth of the world's people to a saving knowledge of our Lord, when we look up and down the columns of our newspapers and see every page crimson with the history of the broken laws of God and man, when we see the nations of the world unable to adjust their differences and increasing their armaments to a point never known before in history, we are compelled to cry from the depths of needy souls, Lord help us and guide us. We would intercede on behalf of these leaders of our own dear land with whom is entrusted so much responsibility. Enlighten their minds and strengthen their faith in Thee. Grant us such true statesmen in Congress, such godly teachers in our schools, such divinely called and courageous men in our pulpits, and such consecrated Christian parents in our homes till true brotherhood must prevail throughout our world and peace cannot perish from the earth. This we pray through Jesus Christ our Lord and Saviour. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8780) entitled "An act to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9770) entitled "An act to provide revenue for the District of Columbia, and for other purposes."

RELIEF FROM TAXES ON GASOLINE USED ON FARMS

Mr. COOPER. Mr. Speaker, I call up the conference report on the bill (H. R. 8780) to amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes, and ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of March 27, 1956.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

(Mr. COOPER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. COOPER. Mr. Speaker, H. R. 8780 as it passed the House would have relieved farmers of the burden of the excise taxes on gasoline and special motor fuels used on their farms for farming purposes. Since the cost of these fuels contributes to the expenses of farming, the bill would have removed the taxes on these fuels from the farmers' operating costs, providing them with approximately \$60 million a year by way of tax relief.

The Senate basically adopted the House-passed bill. However, it amended the bill to deny tax relief in certain cases where custom operators, that is, independent contractors, perform services on a farm for a farmer in connection with the raising or harvesting of a crop. The House bill would have granted such custom operators relief from the fuel taxes where they did this work for farmers. The Senate amendment would have reduced the tax relief by \$1 million, to about \$59 million, as compared to the \$60 million of relief under the House-passed bill. The Senate felt that custom operators should be excluded from this relief "because there is no assurance that they will pass the benefit of the refunds on to the farmers." The relief would under the Senate bill generally still have been available to farmers who exchange services with each other provided these services constituted less than one-half of the total services of the farmer.

The conference agreement would grant relief in the case of custom operations for the farmer by allowing a refund with respect to gasoline and special fuels used by custom operators, but the refund will be payable only to the farmer on whose farm the custom work is performed. The conference agreement assures that the farmer will benefit by the tax relief provided in the case of custom operations on his farm.

There also were two clerical amendments made by the Senate, to which the House conferees agreed.

I urge that the bill as agreed to in conference be adopted by the House.

(Mr. REED asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. REED. Mr. Speaker, this bill, H. R. 8780, embodies President Eisenhower's recommendation that the Nation's farmers be relieved of the burden of the Federal excise tax on gasoline used on the farm in the course of farming operations. I introduced a bill to carry out this proposal, as did our distinguished chairman, the gentleman from Tennessee [Mr. COOPER], immediately following receipt of the President's recommendation.

The bill passed the House and the Senate with one major difference. The Senate bill denied the gas-tax relief in the case of so-called custom operations. I believe that the conferees have worked out a provision which resolves this difference very satisfactorily to all concerned. Under the conference agreement, a refund of the gasoline tax is to be available in all cases where gasoline is used for cultivating the soil for raising or harvesting crops, but, under our compromise, the refund will be payable only to the farmer on whose farm the gasoline is used and not to the custom operator. This amendment guarantees that the tax relief will go where we intended it to go, namely, to the farmer himself.

I believe that the Congress is to be commended for acting so promptly upon this recommendation of President Eisenhower.

TREASURY-POST OFFICE APPROPRIATION BILL, 1957

Mr. GARY. Mr. Speaker, I call up the conference report on the bill (H. R. 9064) appropriating funds for the Treasury and Post Office Departments and the Tax Court of the United States and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

DIPLOMATIC AND FOREIGN SERVICE

Sheldon T. Mills, of Oregon, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Afghanistan.

Jefferson Patterson, of Ohio, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Uruguay.

Dempster McIntosh, of Pennsylvania, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Venezuela.

NATIONAL SCIENCE FOUNDATION

T. Keith Glennan, of Ohio, to be a member of the National Science Board, National Science Foundation, for the remainder of the term expiring May 10, 1958.

RAILROAD RETIREMENT BOARD

Thomas M. Healy, of Georgia, to be a member of the Railroad Retirement Board for the remainder of the term expiring August 28, 1958.

NATIONAL LABOR RELATIONS BOARD

Stephen Sibley Bean, of Maryland, to be a member of the National Labor Relations Board for the term expiring August 27, 1960.

SUBVERSIVE ACTIVITIES CONTROL BOARD

R. Lockwood Jones, of Oklahoma, to be a member of the Subversive Activities Control Board for the remainder of the term expiring August 9, 1960.

Francis Adams Cherry, of Arkansas, to be a member of the Subversive Activities Control Board for the term expiring March 4, 1960.

UNITED STATES CIRCUIT JUDGE

Warren E. Burger, of Minnesota, to be United States circuit judge for District of Columbia circuit.

UNITED STATES DISTRICT JUDGES

Paul C. Weick, of Ohio, to be United States district judge for northern district of Ohio.

C. William Kraft, Jr., of Pennsylvania, to be United States district judge for eastern district of Pennsylvania.

DISTRICT OF COLUMBIA MUNICIPAL COURT OF APPEALS

Leo A. Rover, of the District of Columbia, to be chief judge of the municipal court of appeals for the District of Columbia for term of 10 years.

SUPREME COURT, TERRITORY OF HAWAII

Phillip L. Rice, of Hawaii, to be chief justice of the supreme court, Territory of Hawaii, for term of 4 years.

CIRCUIT COURTS, TERRITORY OF HAWAII

Cable A. Wirtz, of Hawaii, to be judge of the second circuit, circuit courts, Territory of Hawaii.

UNITED STATES ATTORNEY

William L. Longshore, of Alabama, to be United States attorney for the northern district of Alabama for term of 4 years.

UNITED STATES PUBLIC HEALTH SERVICE

Leonard Andrew Scheele, of Michigan, to be Surgeon General for term of 4 years.

The following appointments in the Regular Corps of the Public Health Service, subject to qualifications therefor as provided by law and regulations, to be effective date of acceptance:

To be senior surgeon

Anibal R. Valle
Paul Q. Peterson
Trois E. Johnson

To be surgeon

Osamu Hayaishi	Frank W. Mount
Gerald R. Cooper	Jack Orloff
Phyllis Q. Edwards	William L. Bunch, Jr.
Henry K. Beye	

To be senior dental surgeon

Clarence A. Egger

To be dental surgeon

Paul H. Keyes

To be sanitary engineer

Arve H. Dahl
Paul W. Reed

To be senior scientist

Lloyd W. Law Everette L. May

To be scientist

Melvin H. Goodwin, Jr.

To be veterinarian

Raymond J. Helvig

To be senior nurse officer

Mary O. Jenney

To be nurse officer

Doris E. Roberts

To be dietitian

Dorothy M. Youland

To be senior assistant surgeon

John K. Irion	Lesther Winkler
Harold P. Schedl	Samuel G. Southwick
Allen C. Pirkle	Robert H. Parrott
James L. German	Edward F. Wenzlaff
Patrick J. Hennelly, Jr.	

To be assistant surgeon

Duane L. Hanson	Lowell H. Hansen
W. King Engel	Donald A. Neher
Theodore A. Labow	Leon N. Branton
Munsey S. Wheby	Alex Rosen
James C. Wooton	Herman L. Smith
Alvin Singer	Hugh S. Pershing

To be assistant dental surgeon

Dale E. Smith

To be nurse officer

Mildred Struve

To be senior assistant nurse officer

Jean C. Casey

To be senior assistant therapist

Josef Hoog	JaNeve I. Porter
Howard A. Haak	John R. De Simio
John F. Burke	Nellie L. Evans

To be assistant therapist

Royce P. Noland	Dean P. Currier
Michael J. Oliva	Lennes A. Talbot, Jr.

To be junior assistant therapist

Arthur J. Nelson, Jr.	John L. Echternach
Dell C. Nelms	James W. Barbero

Public Law 466 - 84th Congress
Chapter 160 - 2d Session
H. R. 8780

AN ACT

To amend the Internal Revenue Code of 1954 to relieve farmers from excise taxes in the case of gasoline and special fuels used on the farm for farming purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. RELIEF FROM EXCISE TAX ON GASOLINE.

Subchapter B of chapter 65 of the Internal Revenue Code of 1954 (rules of special application for abatelements, credits, and refunds) is amended by renumbering section 6420 as 6421 and by inserting after section 6419 the following new section:

"SEC. 6420. GASOLINE USED ON FARMS.

"(a) **GASOLINE.**—If gasoline is used on a farm for farming purposes, the Secretary or his delegate shall pay (without interest) to the ultimate purchaser of such gasoline the amount determined by multiplying—

"(1) the number of gallons so used, by

"(2) the rate of tax on gasoline under section 4081 which applied on the date he purchased such gasoline.

"(b) **TIME FOR FILING CLAIM; PERIOD COVERED.**—Not more than one claim may be filed under this section by any person with respect to gasoline used during the one-year period ending on June 30 of any year. No claim shall be allowed under this section with respect to any one-year period unless filed on or before September 30 of the year in which such one-year period ends.

"(c) **MEANING OF TERMS.**—For purposes of this section—

"(1) **USE ON A FARM FOR FARMING PURPOSES.**—Gasoline shall be treated as used on a farm for farming purposes only if used (A) in carrying on a trade or business, (B) on a farm situated in the United States, and (C) for farming purposes.

"(2) **FARM.**—The term 'farm' includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

"(3) **FARMING PURPOSES.**—Gasoline shall be treated as used for farming purposes only if used—

"(A) by the owner, tenant, or operator of a farm, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife, on a farm of which he is the owner, tenant, or operator; except that if such use is by any person other than the owner, tenant, or operator of such farm, then (i) for purposes of this subparagraph, in applying subsection (a) to this subparagraph, and for purposes of section 6416 (b) (2) (C) (ii) (but not for purposes of section 4041), the owner, tenant, or operator of the farm on which gasoline or a liquid taxable under section 4041 is used shall be treated as the user and ultimate purchaser of such gasoline or liquid, and (ii) for purposes of applying section 6416 (b) (2) (C) (ii), any tax paid under section 4041 in respect of a liquid used on a farm for farming purposes (within the meaning of this subparagraph) shall be treated as having been paid by the owner, tenant, or operator of the farm on which such liquid is used;

Taxes.

Gasoline and
special fuels.
68A Stat. 794.
26 USC 6411-
6420.

70 Stat. 87.

70 Stat. 88.

68A Stat. 483.
26 USC 4081.

68A Stat. 798.
26 USC 6416.
68A Stat. 478.
26 USC 4041.

“(B) by the owner, tenant, or operator of a farm, in handling, drying, packing, grading, or storing any agricultural or horticultural commodity in its unmanufactured state; but only if such owner, tenant, or operator produced more than one-half of the commodity which he so treated during the period with respect to which claim is filed;

“(C) by the owner, tenant, or operator of a farm, in connection with—

“(i) the planting, cultivating, caring for, or cutting of trees, or

“(ii) the preparation (other than milling) of trees for market, incidental to farming operations; or

“(D) by the owner, tenant, or operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment.

70 Stat. 88.

70 Stat. 89.

58A Stat. 483.

26 USC 4082.

“(4) GASOLINE.—The term ‘gasoline’ has the meaning given to such term by section 4082 (b).

“(d) EXEMPT SALES; OTHER PAYMENTS OR REFUNDS AVAILABLE.—No amount shall be paid under this section with respect to any gasoline which the Secretary or his delegate determines was exempt from the tax imposed by section 4081. The amount which (but for this sentence) would be payable under this section with respect to any gasoline shall be reduced by any other amount which the Secretary or his delegate determines is payable under this section, or is refundable under any provision of this title, to any person with respect to such gasoline.

68A Stat. 483.

26 USC 4081.

“(e) APPLICABLE LAWS.—

“(1) IN GENERAL.—All provisions of law, including penalties, applicable in respect of the tax imposed by section 4081 shall, insofar as applicable and not inconsistent with this section, apply in respect of the payments provided for in this section to the same extent as if such payments constituted refunds of overpayments of the tax so imposed.

“(2) EXAMINATION OF BOOKS AND WITNESSES.—For the purpose of ascertaining the correctness of any claim made under this section, or the correctness of any payment made in respect of any such claim, the Secretary or his delegate shall have the authority granted by paragraphs (1), (2), and (3) of section 7602 (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

68A Stat. 901.

26 USC 7602.

“(3) FRACTIONAL PARTS OF A DOLLAR.—Section 7504 (granting the Secretary discretion with respect to fractional parts of a dollar) shall not apply.

68A Stat. 896.

26 USC 7504.

“(f) REGULATIONS.—The Secretary or his delegate may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section.

“(g) EFFECTIVE DATE.—This section shall apply only with respect to gasoline purchased after December 31, 1955.

“(h) CROSS REFERENCES.—

“(1) For exemption from tax in case of diesel fuel and special motor fuels used on a farm for farming purposes, see section 4041 (d).

“(2) For civil penalty for excessive claim under this section, see section 6675.

“(3) For fraud penalties, etc. see chapter 75 (section 7201 and following, relating to crimes, other offenses, and forfeitures).”

